

**SCHOOL DISTRICT
OF
STOW CREEK TOWNSHIP**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Stow Creek Township Board of Education

Cumberland, New Jersey

For the Fiscal Year Ended June 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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For the Fiscal Year Ended June 30, 2020

Prepared by

Stow Creek Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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INTRODUCTORY SECTION

Stow Creek Township School District

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BUSINESS OFFICE TEL (856) 299-4240

BRIDGETON, NJ 08302-8951
FAX (856) 455-0833
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Scott Bonham
Board President

Brandon Cobb
Chief School Administrator

Cherie Bratty
Board Secretary/School
Business Administrator

December 21, 2020

Honorable President and
Members of the Board of Education
Stow Creek Township School District
Cumberland County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Stow Creek Township School District for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 of the District. All disclosures that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic 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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Stow Creek Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. 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 a basis of governmental, business-type and fiduciary funds, which are all included in this report. The Stow Creek Township Board of Education and its one school constitute the District's reporting entity.

Stow Creek Township School District provides a full range of educational services appropriate for grade levels Pre-K through Eighth grade. These include regular education, as well as special education for handicapped students. Our students in grades 9-12 are sent to Cumberland Regional High. The Stow Creek Township School District completed the 2019-2020 fiscal year with an enrollment of 113 students, which was three less than the number of students as the prior year. The following changes in the student enrollment of the District over the last ten years show a leveling off for the later years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-20	113	3%
2018-19	116	5%
2017-18	110	(6)%
2016-17	117	4%
2015-16	112	0%
2014-15	112	(3)%
2013-14	116	(1)%
2012-13	117	0%
2011-12	117	(12)%
2010-11	133	(1)%

2. ECONOMIC CONDITION AND OUTLOOK:

Stow Creek Township continues to experience limited growth, as depicted in the enrollment statistics. Approximately three-quarters of the total area of the Township is considered prime farmland, which has been a significant factor in terms of Stow Creek's planned development, encouraging the retention of prime farmland for agricultural use.

Future development in Stow Creek is governed by natural or environmental factors, in addition to agricultural suitability of soils. The Township has no central sewer system and therefore, soil suitability for on-site waste disposal systems is crucial in terms of development potential. In addition, the recent upgrading of requirements by the New Jersey Department of Health, regarding on-site systems, mandates that areas with only slight limitations will be further restricted in density. Wetland regulations also impact on development potential. Several landowners have sold properties to NJ Fish and Wildlife Management and the State has also established a state park in the Township.

3. MAJOR INITIATIVES:

Bearing on the District's Future

The Greenwich-Stow Creek Partnership between Stow Creek and Greenwich Township is entering its thirteenth year. As the Partnership matures and continues to develop in new productive modes, Stow Creek Township School District foresees gaining increasingly more benefits from the economies of scale and opportunities generated by this alliance. It is anticipated that new and innovative uses of the partnership will allow the continued enhancement of the quality of instruction and the expansion of educational opportunities available to the children of both districts while at the same time maintaining fiscally prudent stewardship of taxpayers' dollars.

The new state commitment to the SFRA (Full Funding Formula) and its consequent reduction in Adjustment Aid for Stow Creek poses challenge to the district over the next five years and beyond. This reduction slashes available funding, but with taxation caps in place does not leave an avenue for relief without seriously cutting programs. Reduction in force has been necessary due to this squeeze of Aid reduction and tax cap. The Greenwich-Stow Creek Partnership Schools are exploring a possible merger in the future.

Stow Creek School District is continuing to use the economies of scale generated by its alliance with Greenwich Township in the Greenwich-Stow Creek Partnership Schools to enhance the quality of instruction and the educational opportunities available to the children of both districts while reducing costs.

Stow Creek School District partnered with Greenwich School district to secure a Preschool Education Expansion Aid (PEEA) grant to open a full-day, preschool for four year old district residents on January 2, 2019 and expanded it in September, 2019 to include three year olds. By this partnership and in collaboration with six other districts for various parts of the program, Stow Creek will be able to provide a high quality preschool for our students and provide them with all the social, educational and developmental benefits of such a program. Extensive professional development featuring cross-content and multi-year staff training this year will focus on the preschool curriculum and the changes necessary to Kindergarten and beyond to ensure a smooth and productive transition.

Stow Creek Township is continuing its major technology initiatives this year. After rewiring the school for faster Internet connection a few years ago, we are now planning to expand our One- to-One initiative to lower grade levels. The district has gone to completely digital textbooks in grades 5-8; this has the dual advantages of costs savings and considerably improved instructional materials in terms of interactivity, currency of information, motivation, and in particular enhanced and evolving differentiated instruction to the pupil level. The district has been able to secure self-paced, standards-based web-based programs such as IXL, Flocabulary and this year, had the opportunity to pilot Reading Plus. All of these programs have assisted in increasing student achievement. Due to the Adjustment Aid cuts our Technology teacher will not be able to work with our staff as an in-house technology infusion specialist as much as in recent years. The rents received from the cell tower erected on school property continue to help fund these educational technology advances.

With its 4-G capabilities the on-site tower has the extra advantage, in addition to the rent earned, of providing cost competition for internet service since previously only one internet provider operated in the district.

Stow Creek is also expanding the integrated, global computerized information system installed eight years ago. In addition to a complete Student Information System, Discipline system online, teacher lesson plans online, grade books, and teacher web-sites, we are utilizing a student statistics tool to drill down on the specific skills that our students need to improve their understanding of the subject area and a curriculum building tool to expedite our transition with the rest of New Jersey to the new State Educational Standards. We are also using this integrated system as the technology tool to go along with the Danielson teacher evaluation model for AchieveNJ. We are doing this in partnership with the six neighboring districts which make up the constituency of the local regional high school to allow us to reap considerable economies of scale in the required staff training.

As part of our Curriculum Revision Cycle carried out in concert with the other six constituent districts we updated our Math, Language Arts, Music, Social Studies and Science standards to the new New Jersey standards effective this September 2019. The district also adopted Dance and Theater curriculum for the first time this year. In the upper middle school grades this will be the focus of our professional development and staff training this year.

Stow Creek, on behalf of the partnership, is continuing to enter into other collaborative relationships with surrounding districts and businesses. We now share a World Languages teacher one period a day with Upper Deerfield, share CST services with Salem County Special Services', business administrator services, as well as, Business office services with Upper Deerfield School District, as well as, our numerous shared services with Greenwich in the partnership. By negotiating as one larger entity and sharing those services and costs with Greenwich, Stow Creek has negotiated better contract terms with our Student Information System provider, our outsourced IT provider and our automated telephone contact system provider, technology providers, textbook publishers and others.

In conclusion, the School District has committed itself to educational excellence and continued parsimony. The new collaborations are allowing Stow Creek to provide better and new educational services to our children and keep costs in check. Stow Creek is taking the steps necessary to keep up with today's changing economic and regulatory conditions and still provide a world-class education for the children of Stow Creek Township.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR END:

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

8. DEBT ADMINISTRATION:

As of June 30, 2020, the District does not have any debt, other \$105,977 in uncompensated absences. The amount available to authorize debt is \$3,484,566, as shown on Exhibit J-13.

9. CASH MANAGEMENT:

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

10. RISK MANAGEMENT:

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

11. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, PA. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Stow Creek 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 dedicated services of our financial and accounting staff.

Respectfully submitted,

Brandon Cobb

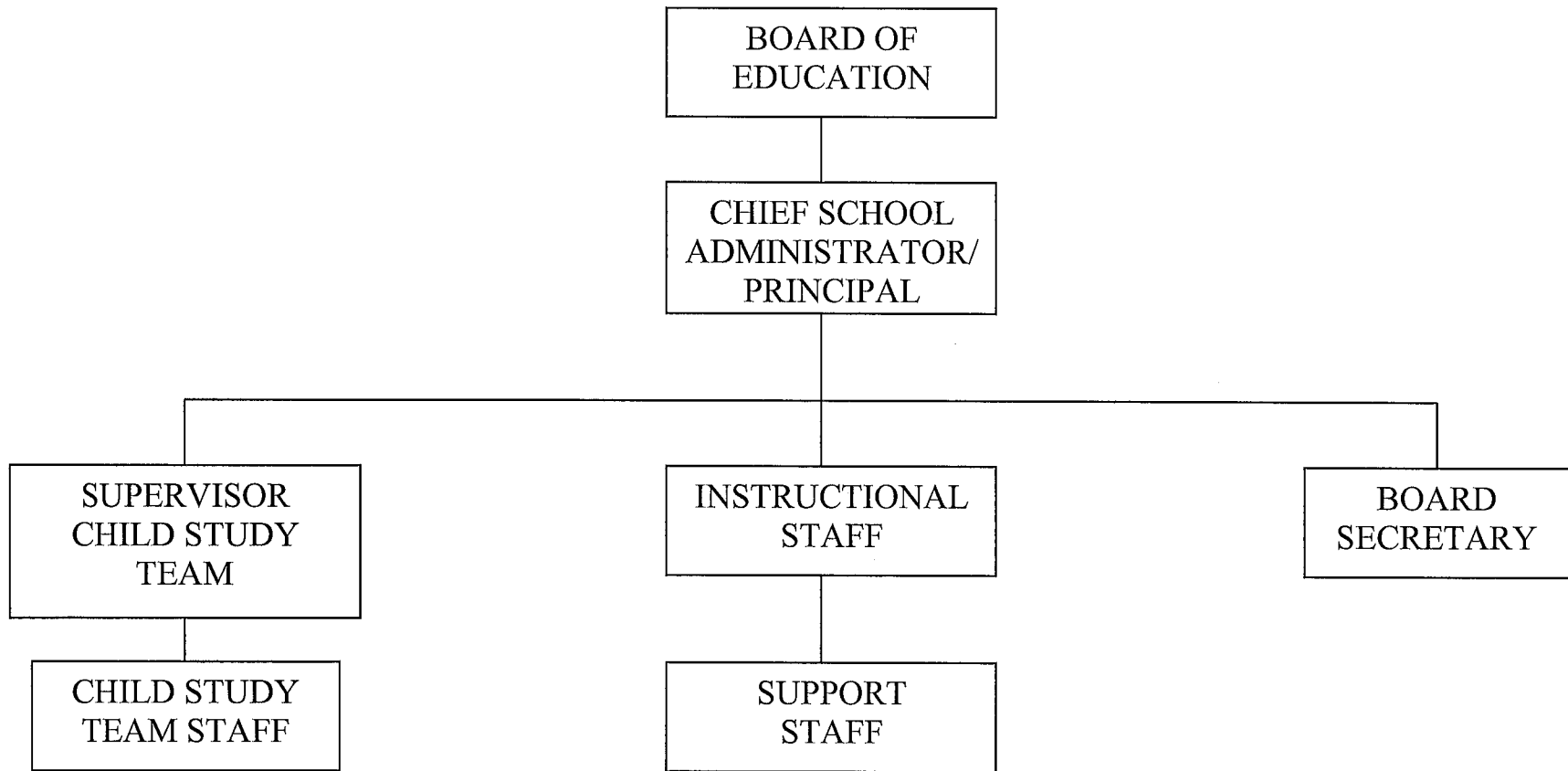
Brandon Cobb
Chief School Administrator

Cherie Bratty

Cherie Bratty
Board Secretary / Business Administrator

STOW CREEK TOWNSHIP SCHOOL DISTRICT

ORGANIZATIONAL CHART (UNIT CONTROL)



STOW CREEK TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2020

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Scott Bonham, President	2022
Fred Hovermann, Vice President	2021
Erin Hurff	2021
Kevin Coll	2020
Andrea Levick	2020
Courtney Mattus	2021
Leigha Saulin	2020
Kelly Fithian	2022
Kyle J Uhland	2022
<u>OTHER OFFICIALS</u>	<u>Bond Coverage</u>
Brandon Cobb, Chief School Administrator	
Cherie Bratty, Board Secretary/Business Administrator	\$ 130,000
Susan G Robostello, Treasurer of School Monies	130,000
Frank DiDomenico, Esq., Solicitor	

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

AUDIT FIRM

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Nightlinger, Colavita and Volpa, P. A.
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FINANCIAL SECTION

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A Professional Association

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INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
County of Cumberland, New Jersey 08302

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Stow Creek Township School District in the County of Cumberland, 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 Stow Creek Township School 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 Division of Administration and 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. 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 financial statement presentation.

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 Stow Creek Township Board of Education in the County of Cumberland, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stow Creek Township School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2020 on our consideration of the Stow Creek Township Board of Education's internal control over financial reporting and 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 effectiveness of the Stow Creek Township Board of Education's of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Stow Creek Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
December 21, 2020

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Stow Creek Township School District Management Discussion and Analysis (Unaudited)

This section of the Stow Creek Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2020. Comparative information between the current year (2019-20) and the prior year (2018-19) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

The basic financial statements include two kinds of statements that present different views of the District:

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

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

Key financial highlights for 2020 are as follows:

- The assets of the Stow Creek School District exceeded its liabilities at the close of the most recent fiscal year on June 30, 2020 by \$766,391.
- Total net position of governmental activities increased by \$283,989, comprised of changes in various assets and liabilities. The net position of Business-type Activities decreased by \$38.
- As of the close of the current fiscal year, the Township of Stow Creek School District's Governmental Funds reflected combined ending fund balances of \$845,925, which is a decrease of \$296,956 from the prior year.

- General revenues accounted for \$2,537,961, which was 79.6% percent of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$652,315 or 20.4% percent to total revenues of \$3,190,276.
- The School District had \$2,906,325 in expenses, of which \$652,315 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes) were adequate to provide for these programs, which include the Business-type Activities.
- The General Governmental Fund had \$2,644,869 in revenues, \$2,277,586 in expenditures and \$90,023 in other net financing uses transferred to the Food Service Enterprise Fund. The General Fund balance decreased \$277,260 over 2019. This decrease was anticipated by the Board of Education, although fund balance of \$175,471 was used to balance the budget, as shown on Exhibit C-1.

District-wide Financial Statements – Reporting the School District as a Whole

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

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

This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, which represent the district-wide financial statements, 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, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities and internal service funds.
- Business – Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and After School Child Care enterprise funds are reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 22. Fund financial reports provide detailed information about these major funds. The School District uses numerous funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

The District may implement four types of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Internal service funds:* (Also considered proprietary funds) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently does not have any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements, as these assets may not be used to finance the District's operations.

The School District as a Whole

Table 1 provides a comparative summary of the School District's net position for the years ended in 2020 and 2019.

Table 1
Net Position

	2020	2019
Assets		
Current and Other Assets	\$ 897,421	\$ 953,849
Capital Assets, Net	400,974	399,121
Total Assets	1,298,395	1,352,970
Deferred Outflow of Resources	76,439	95,745
Liabilities		
Current Liabilities	357,156	730,860
Long-term Liabilities	105,977	79,420
Total Liabilities	463,133	810,280
Deferred Inflow of Resources	145,310	155,995
Net Position		
Invested in Capital Assets, Net of Debt	400,974	399,121
Restricted	685,210	384,474
Unrestricted (Deficit)	(319,793)	(301,155)
Total Net Position	\$ 766,391	\$ 482,440

Table 2 shows the changes in net position from fiscal year's 2020 and 2019.

Table 2
Changes in Net Position

	<u>2020</u>	<u>2019</u>
Revenues		
Programs Revenues		
Charges for Services	\$ 47,381	\$ 65,882
Operating Grants	604,934	547,105
General Revenues		
Property Taxes	1,158,624	1,100,575
Grants and Entitlements	986,957	1,102,869
Other	392,380	97,943
	<u>3,190,276</u>	<u>2,914,374</u>
Program Expenses		
Instruction	847,542	959,859
Tuition	46,889	51,371
Pupil and Instructional Staff	216,555	134,896
General Administration, School		
Administration, Business	245,326	221,682
Operations and Maintenance of Facilities	183,010	184,299
Pupil Transportation	163,602	192,512
Employee Benefits	1,116,099	1,090,513
Food Service & After School Care	86,563	93,511
Interest on Debt	739	739
	<u>2,906,325</u>	<u>2,929,382</u>
Less: Fixed Asset Adjustment		
Increase in Net Position	<u>\$ 283,951</u>	<u>\$ (15,008)</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 46.1% percent of the net revenues for governmental activities of \$2,512,835. Federal, state and local grants accounted for another 39.3% and other net revenues were 14.6%. The total cost of services, as shown below, was \$2,819,762. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$2,228,846. Instruction comprises 29.6% of these net District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

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	\$ 847,542	\$ 659,789	\$ 959,859	\$ 810,089
Tuition	46,889	46,889	51,371	51,371
Pupil and Instructional Staff	216,555	216,555	134,896	84,618
General Administration, School				
Administration, Business	245,326	174,278	221,682	221,682
Operation and Maintenance of Facilities	183,010	183,010	184,299	184,299
Pupil Transportation	163,602	163,602	192,512	192,512
Employee Benefits	1,116,099	783,984	1,090,513	763,003
Enterprise Funds	86,563	25,164	93,511	
Interest on Debt	739	739	739	739
Total Expenses	<u>\$ 2,906,325</u>	<u>\$ 2,254,010</u>	<u>\$ 2,929,382</u>	<u>\$ 2,308,313</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development expenses (included in support services) are related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Co-curricular activities include instructional expenses related to student activities provided by the School district, which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District as well as internal service fund expenses.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition as well as internal service fund expenses.

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

Unallocated Depreciation reflects the cost of fixed assets spread over the estimated useful lives of the individual assets

Business-Type Activities

Revenues for the District's business-type activities (Food Service and After School Child Care Programs) were comprised of charges for services and federal and state reimbursements.

- Expenditures exceeded Revenues by \$20,515 in the Food Service Fund and Expenditures exceeded Revenues by \$4,649 in the After School Childcare Program. The net deficit of \$25,164 was offset by a board subsidy of \$25,023 and interest of \$103. This resulted in a negative change in net position of \$38.

- Charges for services represent \$31,823 in the Food Service Fund and \$15,558 in the After School Childcare Program. This represents amount paid by patrons for daily food service activities and after school childcare.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$14,018.

The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (i.e., General Fund, Special Revenue Fund and Capital Project Fund presented in the fund-based statements) had total revenues of \$2,924,013, expenditures of \$2,602,034 and other net financing uses of \$25,023. The net financing sources represented a transfer of \$25,023 to the Food Service Fund. The net change in fund balance for the year was \$296,956. This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds other than \$175,471 in surplus appropriated to balance the 2019-20 budget.

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. The following schedules present a summary of the revenues of the Governmental Funds (excluding Capital Projects) for the fiscal year ended June 30, 2019, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2019</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,550,901	53.04%	\$ 352,437	29.41%
State Sources	1,292,506	44.20%	74,928	6.15%
Federal Sources	80,606	2.76%	(29,953)	-27.09%
Total	<u>\$ 2,924,013</u>	<u>100.00%</u>	<u>\$ 397,412</u>	<u>15.73%</u>

The increase in Local sources is attributed to increases in the tax levy of \$58,049 and miscellaneous revenues of \$295,556, offset by a decrease in general fund transportation of \$1,168.

The increase in State sources is attributed to increases in Special Revenue Fund Grants of \$90,636 offset by a decrease in State Public School aid of \$15,708.

The above schedule includes the two last state aid payments for 2018-19 of \$76,845 received in July 2019 and does not include the two last state aid payments for 2019-2020 received in July 2020 in the amount of \$71,662.

The decrease in Federal sources is due to various decreases in the Special Revenue Fund Grants. In addition, the 2020 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of General Fund and Special Revenue Fund Expenditures for the fiscal year ended June 30, 2020 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2019</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 841,625	32.34%	\$ (112,848)	-13.35%
Undistributed expenditures	1,723,329	66.23%	181,307	12.37%
Capital Outlay	37,080	1.43%	(22,660)	-3066.31%
Total	\$ 2,602,034	100.00%	\$ 45,799	1.98%

The decrease in Instructional Expenditures is attributed to decreases in Regular Instruction of \$148,335 and Other Instructional Expenses of \$5,548, offset by an increase of \$41,035 in Special Education Instruction Expenses.

The increase in Undistributed Expenditures was due to increases in Employee Benefits of \$113,197, Student Related costs of \$81,659 and Administration/Central Services costs of \$23,642, offset by a decrease in Transportation costs of \$31,293, Tuition of \$4,482 and Plant and Maintenance costs of \$1,416.

The decrease in Capital Outlay is attributed to an decrease in facility acquisition costs.

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 modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2020, the School District amended its General Fund budget as needed. The School District uses program-based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

- Staffing changes based on student needs
- Additional costs for student transportation both in regular education and special education
- Changes in maintenance and operations
- Changes in appropriations to prevent budget overruns

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show a decrease of \$272,077 as shown on Exhibit C-1.

- Actual revenues were \$302,131 more than expected, excluding on-behalf pension and social security reimbursements of \$327,547, due to the increased adjustment aid.
- Actual expenditures were \$178,212 less than expected. This excludes state on-behalf pension and social security reimbursements of \$327,547 and reflects favorable variances in most expenditure accounts.

Capital Assets

At the end of the fiscal year 2020, the School District had \$400,974 (net of accumulated depreciation) 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 Improvements	\$ 5,117	\$ 6,172
Building and Improvements	190,658	160,615
Vehicles	178,433	203,264
Equipment	26,766	29,070
Totals	<u>\$ 400,974</u>	<u>\$ 399,121</u>

Overall net Capital Assets increased by \$1,853 from fiscal year 2019 fiscal year 2020, representing a fixed asset addition of \$36,341 offset by depreciation expense of \$34,488.

Long-Term Debt:

At year-end, the District had outstanding long-term debt of compensated absences of \$105,977. There was no other outstanding debt authorized or issued (Note 6 to the Financial Statements). The amount of debt available for authorization by statute is \$3,484,566, as shown on Exhibit J-13.

Factors Bearing on the District's Future

The Greenwich-Stow Creek Partnership between Stow Creek and Greenwich Township is entering its twelfth year. As the Partnership matures and continues to develop in new productive modes, Stow Creek Township School District foresees gaining increasingly more benefits from the economies of scale and opportunities generated by this alliance. It is anticipated that new and innovative uses of the partnership will allow the continued enhancement of the quality of instruction and the expansion of educational opportunities available to the children of both districts while at the same time maintaining fiscally prudent stewardship of taxpayers' dollars.

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 Cherie Bratty, School Business Administrator/Board Secretary, at Stow Creek Township School District, 11 Gum Tree Corner Road, Bridgeton, NJ 08302.

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.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 255,101	\$ (10,718)	\$ 244,383
Receivables, Net	152,052	29,686	181,738
Inventory		3,270	3,270
Restricted Assets:			
Cash	468,030		468,030
Capital Assets, Net (Note 6)	398,228	2,746	400,974
Total Assets	<u>1,273,411</u>	<u>24,984</u>	<u>1,298,395</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	76,439		76,439
LIABILITIES			
Current Liabilities:			
Accounts Payable	8,278	118	8,396
Payable to State Governments	3,535		3,535
Unearned Revenue	17,445	1,497	18,942
Noncurrent Liabilities:			
Due Within One Year	5,875		5,875
Due Beyond One Year	426,385		426,385
Total Liabilities	<u>461,518</u>	<u>1,615</u>	<u>463,133</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	145,310		145,310
Net Position			
Invested in Capital Assets, Net of Related Debt	398,228	2,746	400,974
Restricted for:			
Capital Projects	353,630		353,630
Excess Surplus	179,802		179,802
Other Purposes	123,119		123,119
Committed	28,659		28,659
Unrestricted (Deficit)	(340,416)	20,623	(319,793)
Total Net Position	<u>\$ 743,022</u>	<u>\$ 23,369</u>	<u>\$ 766,391</u>

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

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 710,666	\$	\$ 187,753	\$ (522,913)	\$	\$ (522,913)
Special Education	103,919			(103,919)		(103,919)
Other Instruction	32,957			(32,957)		(32,957)
Support Services:						
Tuition	46,889			(46,889)		(46,889)
Student & Instruction Related Services	216,555		71,048	(145,507)		(145,507)
General and Business Administrative Services	183,654			(183,654)		(183,654)
School Administrative Services	27,114			(27,114)		(27,114)
Central Services	34,558			(34,558)		(34,558)
Plant Operations and Maintenance	183,010			(183,010)		(183,010)
Pupil Transportation	163,602			(163,602)		(163,602)
Unallocated Benefits	1,116,099		332,115	(783,984)		(783,984)
Interest on Debt	739			(739)		(739)
Total Governmental Activities	2,819,762		590,916	(2,228,846)		(2,228,846)
Business-type Activities:						
Food Service	66,356	31,823	14,018		(20,515)	(20,515)
After School Childcare	20,207	15,558			(4,649)	(4,649)
Total Business-type Activities	86,563	47,381	14,018		(25,164)	(25,164)
Total Primary Government	\$ 2,906,325	\$ 47,381	\$ 604,934	(2,228,846)	(25,164)	(2,254,010)
General revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				1,158,624		1,158,624
Federal and State Aid not restricted				986,957		986,957
Transportation Fees from Other LEAs				39,910		39,910
Miscellaneous Income				352,367		352,367
Transfer				(25,023)	25,023	
Interest Earned					103	103
Total General Revenues, Special Items, Extraordinary Items and Transfers				2,512,835	25,126	2,537,961
				Change in Net Position	(38)	283,951
				Net Position - Beginning	459,033	482,440
				Net Position - Ending	\$ 743,022	\$ 766,391

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 78,140	\$ 79,776	\$ 28,659	\$ 186,575
Cash - Capital Reserve	353,630			353,630
Cash - Maintenance Reserve	114,400			114,400
Accounts Receivables:				
Federal		25,147		25,147
School Tax Receivable	115,942			115,942
State Aid Receivables	9,342			9,342
Interfund Receivable	163,663			163,663
Total Assets	\$ 835,117	\$ 104,923	\$ 28,659	\$ 968,699
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 228	\$ 8,050	\$	\$ 8,278
Interfund Payable		93,516		93,516
Payable to State Government		3,535		3,535
Unearned Revenue		17,445		17,445
Total Liabilities	228	122,546		122,774
Fund Balances:				
Restricted For:				
Capital Reserve	353,630			353,630
Maintenance Reserve	40,818			40,818
Excess Surplus - Designated for Subsequent Year's Expenditu	56,349			56,349
Excess Surplus	123,453			123,453
Assigned Fund Balance:				
Encumbrances	8,719			8,719
Maintenance Reserve	73,582			73,582
Committed			28,659	28,659
Unassigned, Reported In:				
General Fund	178,338			178,338
Special Revenue Fund		(17,623)		(17,623)
Total Fund Balances (Deficit)	834,889	(17,623)	28,659	845,925
Total Liabilities and Fund Balances	\$ 835,117	\$ 104,923	\$ 28,659	

Amounts reported for *governmental activities* in the Statement of Net Assets (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 \$1,051,484 and the accumulated depreciation is \$653,256 (Note 6).	398,228
Deferred Outflows of Resources - Deferred Pension Contributions	76,439
Deferred Inflows of Resources - Pension Actuarial gains	(145,310)
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.	(326,283)
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).	(105,977)
Net Position of Governmental Activities	\$ 743,022

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
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>Capital Project Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	\$ 1,158,624	\$	\$	\$ 1,158,624
Transportation Fees from Other LEAs	39,910			39,910
Unrestricted Miscellaneous Revenues	349,281	2,586		351,867
Interest Earned on Capital Reserve	250			250
Interest Earned on Maintenance Reserve	250			250
Total Local Sources	1,548,315	2,586		1,550,901
State Sources	1,096,554	195,952		1,292,506
Federal Sources		80,606		80,606
Total Revenues	2,644,869	279,144		2,924,013
EXPENDITURES				
Current:				
Regular Instruction	516,996	187,753		704,749
Special Education Instruction	103,919			103,919
Other Instruction	32,957			32,957
Support Services:				
Tuition	46,889			46,889
Student & Instruction Related Services	145,507	71,048		216,555
General Administration	183,637			183,637
School Administrative Services	27,114			27,114
Central Services	34,558			34,558
Plant Operations and Maintenance	181,583			181,583
Pupil Transportation	137,022			137,022
Employee Benefits	866,665	29,306		895,971
Capital Outlay	739		36,341	37,080
Total Expenditures	2,277,586	288,107	36,341	2,602,034
Excess (Deficiency) of Revenues Over Expenditures	367,283	(8,963)	(36,341)	321,979
OTHER FINANCING SOURCES (USES)				
Transfer to Food Service Fund	(25,023)			(25,023)
Transfer to Capital Projects Fund	(65,000)		65,000	
Total Other Financing Sources and Uses	(90,023)		65,000	(25,023)
Net Change in Fund Balances	277,260	(8,963)	28,659	296,956
Fund Balance—July 1 (Deficit)	557,629	(8,660)		548,969
Fund Balance—June 30 (Deficit)	\$ 834,889	\$ (17,623)	\$ 28,659	\$ 845,925

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
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) \$ 296,956

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	\$	(33,941)	
Capital outlays		36,341	
		2,400	2,400

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 cost, 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.

The issuance of long-term debt through bonds or leases provides current financial resources to the governmental funds, while the repayment of principal on long-term debt represents a use of resources in governmental funds. The payment of long-term debt principal is not a use of funds in the statement of activities.

Pension Expense recognized for GAAP but not for budgetary purposes. 11,190

In the Statement of Activities, certain operating expenses are measured by the amounts earned during the year, such as compensated absences. In the governmental funds, however, expenditures are reported when the corresponding financial resources are used or paid. (26,557)

Change in Net Position of Governmental Activities (A-2) **\$ 283,989**

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

PROPRIETARY FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities Enterprise Fund		
	Food Service	After School Childcare	Total Enterprise
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 31,292	\$ 26,516	\$ 57,808
Accounts Receivable:			
State	137		137
Federal	1,339		1,339
Other Program Fees	24,468	3,742	28,210
Inventory	3,270		3,270
Total Current Assets	<u>60,506</u>	<u>30,258</u>	<u>90,764</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	35,147		35,147
Less Accumulated Depreciation	(32,401)		(32,401)
Total Noncurrent Assets	<u>2,746</u>		<u>2,746</u>
Total Assets	<u>\$ 63,252</u>	<u>\$ 30,258</u>	<u>\$ 93,510</u>
LIABILITIES AND FUND EQUITY:			
Current Liabilities:			
Accounts Payable	\$ 118		\$ 118
Interfund Payable	55,992	12,534	68,526
Unearned Revenue	947	550	1,497
Total Current Liabilities	<u>57,057</u>	<u>13,084</u>	<u>70,141</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	2,746		2,746
Unrestricted	3,449	17,174	20,623
Total Net Position	<u>6,195</u>	<u>17,174</u>	<u>23,369</u>
Total Liabilities & Net Position	<u>\$ 63,252</u>	<u>\$ 30,258</u>	<u>\$ 93,510</u>

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
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	After School Childcare	Total Enterprise
Operating Revenues:			
Charges for Services:			
Food Sales Reimbursable Programs	\$ 8,728		\$ 8,728
Food Sales Non-Reimbursable Programs	23,095		23,095
After School Childcare Fees		15,558	15,558
Total Operating Revenue:	31,823	15,558	47,381
Operating Expenses:			
Salaries	25,972	14,088	40,060
Supplies and Materials	5,231	6,119	11,350
Cost of Sales	13,370		13,370
Cost of Sales - Non Program Food	10,782		10,782
Management Fee	8,750		8,750
Miscellaneous	1,704		1,704
Depreciation	547		547
Total Operating Expenses	66,356	20,207	86,563
Operating Income (Loss)	(34,533)	(4,649)	(39,182)
Non-operating Revenues (Expenses):			
State Sources:			
State School Breakfast Program	372		372
Federal Sources:			
National School Lunch Program	9,548		9,548
School Breakfast Program	1,475		1,475
Food Distribution Program	2,623		2,623
Interest	103		103
Total Non-operating Revenues (Expenses)	14,121		14,121
Income (Loss) before Contributions & Transfers	(20,412)	(4,649)	(25,061)
Transfer from General Fund	25,023		25,023
Change in Net Position	4,611	(4,649)	(38)
Total Net Position - Beginning	1,584	21,823	23,407
Total Net Position - Ending	\$ 6,195	\$ 17,174	\$ 23,369

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Food Service	After School Childcare	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 31,823	\$ 15,558	\$ 47,381
Payments to Employees	(25,972)	(1,554)	(27,526)
Payments to Suppliers	(67,548)		(67,548)
Payment to Others	(1,704)	(5,163)	(6,867)
Net Cash Provided by (used for) Operating Activities	<u>(63,401)</u>	<u>8,841</u>	<u>(54,560)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	372		372
Federal Sources	13,646		13,646
Interfund Transfer	25,023		25,023
Net Cash Provided by (used for) Non-capital Financing Activities	<u>39,041</u>		<u>39,041</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Net Cash Used by Capital Financing			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends	103		103
Net Cash Provided by (used for) Investing Activities	<u>103</u>		<u>103</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(24,257)	8,841	(15,416)
Balances—Beginning of Year	55,549	17,675	73,224
Balances—End of Year	<u>\$ 31,292</u>	<u>\$ 26,516</u>	<u>\$ 57,808</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (34,533)	\$ (4,649)	\$ (39,182)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	547		547
(Increase)Decrease in Accounts Receivable, Net	535	550	1,085
(Increase)Decrease in Inventories	(1,500)		(1,500)
Increase(Decrease) in Accounts Payable	(3,312)		(3,312)
Increase(Decrease) in Interfund Payable	(25,023)	12,534	(12,489)
Increase(Decrease) in Unearned Revenue	(115)	406	291
Total Adjustments	<u>(28,868)</u>	<u>13,490</u>	<u>(15,378)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (63,401)</u>	<u>\$ 8,841</u>	<u>\$ (54,560)</u>

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

FIDUCIARY FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Trust Funds</u>	<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS			
Cash and Cash Equivalents	\$ 25,558	\$ 24,862	\$ 8,353
Total Assets	<u>\$ 25,558</u>	<u>\$ 24,862</u>	<u>\$ 8,353</u>
LIABILITIES			
Payable to Student Groups	\$	\$ 24,862	\$
Accounts Payable	1,005		
Payroll Deductions and Withholdings			6,732
Due to General Fund			1,621
Total Liabilities	<u>\$ 1,005</u>	<u>\$ 24,862</u>	<u>\$ 8,353</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 24,553</u>		

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ 1,786
Investments and Earnings:	
Interest	48
Total Additions	<u>1,834</u>
DEDUCTIONS:	
Unemployment Claims	1,010
Total Deductions	<u>1,010</u>
Change in Net Position	824
Net Position - July 1	<u>23,729</u>
Net Position - June 30	<u>\$ 24,553</u>

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Stow Creek Township School District is a Type II district located in the County of Cumberland, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the district is to educate students in grades PreK-8. The Stow Creek Township School District had an approximate enrollment at June 30, 2020 of 113 students.

Business Administrator/Board Secretary services are contracted with the Upper Deerfield School District including responsibility for the administrative control of the district.

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, as stipulated in GASB No. 114, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

The 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.

District-wide Statements: The statement of net position and the statements of activities display information about 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different 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. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation: (continued)

- Program revenues include (a) 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 and state formula aid, are presented as general revenues.

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.

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

GOVERNMENTAL FUNDS

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital 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.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (continued)

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The district currently has no capital projects and, therefore, has not included a capital projects fund.

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.

Permanent Fund - The Permanent Fund is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the District's programs, which are stipulated for the benefit of the School District or its students. The School District does not maintain a non-expendable scholarship fund that would require a permanent fund.

PROPRIETARY FUNDS

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

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District 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; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The School District's Enterprise funds are as follows:

Food Service Fund - This fund accounts for the financial transactions of the food service operations of the District.

School Age Child Care Program - This fund accounts for the financial activity related to providing day care services to the students.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets.

Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (continued)

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

Food Service Fund - Equipment	10 to 20 Years
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FIDUCIARY FUNDS

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. They account for assets where both the principal and interest may be spent. Expendable Trusts include Unemployment Compensation Insurance and scholarship funds, if any:

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a nonexpendable trust fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds. This includes a Flexible Medical Spending Plan.

C. Basis of Accounting and Measurement Focus:

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 Unearned Revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive 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.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus: (continued)

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 in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2 (f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis, which 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. Exhibit C-3 presents a reconciliation of the general fund and special revenue fund from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

F. Tuition Receivable:

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

G. Tuition Payable:

Tuition charges for the fiscal years 2017-18, 2018-2019, and 2019-20 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Inventories and Prepaid Expenses:

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

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

I. Short-term Interfund Receivables/Payables:

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

J. Assets, Liabilities and Equity:

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

Inventories - On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

At June 30, 2020, there was an ending inventory of \$3,270 in the Food Service Fund, of which \$0 was federal commodities.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Assets, Liabilities and Equity: (continued)

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, 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. The District receives federal commodity food for meal service provided through a vended meal contract.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2020 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

K. Compensated Absences:

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the district-wide statement of net position. In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Unearned Revenue:

Unearned Revenue in the special revenue fund represents cash that has been received but not yet earned.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. 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.

N. 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 not 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.

O. 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.

P. Fund Equity:

Contributed capital represents fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

R. Management Estimates:

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

S. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

T. Net Position:

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

U. Fund Balance Reserves:

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.

V. Revenues – Exchange and Non-exchange 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 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.

Non-exchange 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 for 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 non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

W. New Accounting Standards:

The School District has adopted the following GASB statements:

- *GASB Statement - No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance:* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately. Management is evaluating the potential impact of the adoption of GASB 95 on the School District's financial statements.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

W. New Accounting Standards (continued)

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

- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of Statement will be effective for reporting periods beginning after December 15, 2019. The Board is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of Statement will be effective for reporting periods beginning after June 15, 2021. The Board is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.
- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.
- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.
- GASB Statement - No. 91 – *Conduit Debt Obligations*: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management is evaluating the potential impact of the adoption of GASB 91 on the School District's financial statements.
- GASB Statement - No. 92 – *Omnibus 2020*: The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 92 on the School District's financial statements.
- GASB Statement - No. 93 – *Replacement of Interbank Offered Rates*: The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 93 on the School District's financial statements.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

W. New Accounting Standards (continued)

- GASB Statement - No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 94 on the School District's financial statements.
- GASB Statement - No. 96 – *Subscription-Based Information Technology Arrangements*: This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 96 on the School District's financial statements.
- GASB Statement - No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*: The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans); and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans). The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 97 on the School District's financial statements.

X. Bond and Lease Acquisition Costs:

As part of any long-term Bond or lease agreement, providing for the use of school buildings, payments constituting professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such bonds or leases for the year ended June 30, 2020.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

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.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the School District.

As of June 30, 2020, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking accounts	\$ 771,185
Total	<u>\$ 771,185</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA).

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Custodial Credit Risk Continued:

GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance.

Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2020, the School District's bank balance of \$823,588 was subject to custodial credit risk as follows:

Insured	\$	251,956
Uninsured and collateralized with securities held by pledging financial institutions		571,413
	\$	823,369

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Stow Creek Board of Education by inclusion of \$35,947 on June 30, 1998 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2019	\$	140,958
Interest Earnings		250
Additions		277,422
Transfer to Capital Projects Fund		(65,000)
Withdrawal in Budget		
Ending Balance, June 30, 2020	\$	353,630

The LRFP provides the balance of local support costs of uncompleted capital projects at June 30, 2020. There were no withdrawals from the capital reserve during fiscal year 2019-20.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account may be established by the District for the accumulation of funds for maintenance expenditures in subsequent fiscal years. This reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance expenditures in the District's annual general fund budget certified for taxes. The balance at June 30, 2020 of \$114,400, is within the maximum allowed for the district. There was also \$70,582 appropriated in the 2020-21 budget.

NOTE 6. CAPITAL ASSETS

Capital Asset Activity for the Year Ended June 30, 2020 was as Follows:

	Beginning Balance July 1, 2019	Additions	Adjustment/ Retirements	Ending Balance June 30, 2020
Governmental Activities:				
Capital Assets that are not Being Depreciated:				
Total Capital Assets not Being Depreciated				
Land Improvements	\$ 73,284	\$		\$ 73,284
Building and Building Improvements	375,123	36,341		411,464
Vehicles	442,644			442,644
Equipment	124,092			124,092
Totals at Historical Cost	1,015,143	36,341		1,051,484
Less Accumulated Depreciation for :				
Land Improvements	(67,112)	(1,055)		(68,167)
Building and Improvements	(214,508)	(6,298)		(220,806)
Vehicles	(239,380)	(24,831)		(264,211)
Equipment	(98,315)	(1,757)		(100,072)
Total Accumulated Depreciation	(619,315)	(33,941)		(653,256)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	395,828	2,400		398,228
Government Activities Capital Assets, Net	\$ 395,828	\$ 2,400		\$ 398,228
	To A-1			To A-1
Business-type Activities - Equipment	\$ 35,147			\$ 35,147
Less Accumulated Depreciation	(31,854)	(547)		(32,401)
Business-type Activities Capital Assets, Net	\$ 3,293	\$ (547)		\$ 2,746

The opening balance on the Statement of Net Position has been restated to reflect the Governmental Activity adjustment above.

Depreciation Expense was Charged to Governmental Functions as Follows:

Instruction	\$ 5,917
Administration	17
Maintenance	1,427
Transportation	26,580
	<u>\$ 33,941</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations:

	<u>Beginning Balance 7/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 6/30/2020</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Capital Lease	\$	\$	\$	\$	\$	\$
Compensated Absences Payable	79,420	26,557		105,977	5,875	100,102
Net Pension Liability	346,094		19,811	326,283		326,283
Total Long-term Obligations	<u>\$ 425,514</u>	<u>\$ 26,557</u>	<u>\$ 19,811</u>	<u>\$ 432,260</u>	<u>\$ 5,875</u>	<u>\$ 426,385</u>

Bonds Authorized and Issued -- As of June 30, 2020, the District had no bonds authorized but not issued.

Capital Leases – As of June 30, 2020, the District had no capital leases.

NOTE 8. PENSION PLANS

Description of Plans - Eligible employees of the School District can be covered by Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Defined Contribution Retirement Program (DCRP). PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

The following represents the membership tiers for PERS:

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2019 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2020 were 13,748. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2020 is 13.69% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for each year. The District's contributions to PERS for the years ended June 30, 2020, and 2019, were \$17,750 and \$17,591 respectively.

The total payroll for the year ended June 30, 2020 was \$1,362,333. Payroll covered by PERS was \$183,305 for fiscal year 2020.

Components of Net Pension Liability - At June 30, 2020, the District's proportionate share of the PERS net pension liability was \$326,283. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The District's proportion measured as of June 30, 2019 was 0.001811% which was an increase of 0.00005% from its proportion measured as of June 30, 2018.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2020 PERS pension expense, with respect to GASB 68, was \$6,584. The District's 2020 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,856	\$ 1,441
Changes of assumptions	32,581	113,252
Net difference between projected and actual earnings on pension plan investments	-	5,151
Changes in proportion	20,252	25,466
Contributions subsequent to the measurement date	17,750	
Total	\$ 76,439	\$ 145,310

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	PERS
2021	\$ (24,673)
2022	(36,979)
2023	(19,986)
2024	(3,733)
2025	(1,250)
Thereafter	
Total	\$ (86,621)

Additional Information - Collective Balances at June 30, 2020 and 2019 are as follows:

Year	2020	2019
Collective deferred outflows of resources	\$ 76,439	\$ 95,745
Collective deferred inflows of resources	\$ 145,310	\$ 155,995
Collective Net Pension Liability	\$ 326,283	\$ 346,094
District's Proportion	0.001811%	0.001758%

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:

	PERS
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

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.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	100.00%	

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above, as well as what the collective 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 (5.28%)</u>	<u>Current Discount (6.28%)</u>	<u>1% Increase (7.28%)</u>
District's Proportionate Share of the Net Pension Liability	\$ <u>415,016</u>	\$ <u>326,283</u>	\$ <u>255,696</u>

Teachers' Pension and Annuity Fund

The State of New Jersey Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special funding situation that was established in 1955. As under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

The following represents the membership tiers for TPAF:

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

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The member contribution rate was 7.5% in as of July 1, 2019. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2020 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$193,340 to the TPAF for pension contributions, \$71,726 for post-retirement benefits on behalf of the School, and \$38 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$62,443 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.

Components of Net Pension Liability - At June 30, 2020, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

Pension Expense - For the year ended June 30, 2020, the District recognized pension expense of \$302,809 and revenue of \$302,809 for support provided by the State.

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:

	TPAF
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.45%
Thereafter	2.75% - 5.65%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Long-Term Expected Rate of Return - 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:

Asset Class	TPAF Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	100.00%	

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 Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current rate:

	1% Decrease (4.60%)	Current Discount (5.60%)	1% Increase (6.60%)
State's Share of the Net Pension Liability associated with the District	\$ 6,068,569	\$ 5,133,856	\$ 4,381,018
State's Share of the Net Pension Liability	\$ 72,544,649,801	\$ 61,519,112,443	\$ 52,371,397,951

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8. PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund that was established in 2007 under the provisions of N.J.S.A 43:15C-1. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and long-term disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The following represents the individuals eligible for membership in the DCRP:

Eligibility

1. State or Local Officials who are elected or appointed on or after July 1, 2007
2. Employees enrolled in the PERS or TPAF on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits
3. Employees enrolled in the PFRS or SPRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits
4. Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually
5. Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually

Contributions – The contribution policy is set by N.J.S.A 43:15C-3 and requires contributions by active members and contributing employers. Plan members are required to contribute 5.5% of their base salary and the District's employer match is an additional .3% contribution. For the year ended June 30, 2020, employee contributions totaled \$3,379 and the District's employer contribution, recognized in pension expense, was \$2,322. There were no forfeitures during the fiscal year.

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB 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.

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.

Special Funding Situation

The participating local education employer allocations included in the supplemental schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2019, was \$41,729,081,045. Of this amount, the total OPEB liability attributable to the School District was \$4,700,807. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.01127%. The total OPEB liability for the School District measured as of June 30, 2019 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2019 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

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

	TPAF/ABP	PERS	PFRS
Inflation Rate	2.50%	2.50%	2.50%
	Based on	Based on	Based on
Salary Increases:	Service Years	Age	Age
Through 2026	1.55% - 3.05%	2.00% - 6.00%	3.25% - 15.25%
Thereafter	1.55% - 3.05%	3.00% - 7.00%	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Discount rate

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

Changes in the Total OPEB Liability

State of New Jersey		Total OPEB Liability
Balance as of June 30, 2018 Measurement Date	\$	46,110,832,982
Changes for the year:		
Service Cost		1,734,404,850
Interest		1,827,787,206
Changes of Benefit Terms		
Differences between Expected and Actual		(7,323,140,818)
Changes of Assumptions		622,184,027
Benefit Payments		(1,280,958,373)
Contributions from Members		37,971,171
Net Changes		(4,381,751,937)
Balance as of June 30, 2019 Measurement Date	\$	41,729,081,045

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2019, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2019		
At 1.00% Decrease 2.50%	At Discount Rate 3.50%	At 1.00% Increase 4.50%
\$ 49,298,534,898	41,729,081,045	35,716,321,820

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

June 30, 2019		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 34,832,902,820	41,729,081,045	51,453,912,586

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$167,018. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$	\$ 1,181,138
Changes of Assumptions		955,450
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	752,291	18,622
Contributions Subsequent to the Measurement Date		
Total	\$ 752,291	\$ 2,155,210

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Measurement Period Ending June 30,		OPEB
2020	\$	(189,775)
2021		(189,775)
2022		(189,775)
2023		(189,775)
2024		(189,775)
Thereafter		(454,044)
Total	\$	(1,402,919)

NOTE 10. COMPENSATED ABSENCES

The School 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 that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated 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 agreement with the various employee unions.

In the District Wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, a liability existed for compensated absences in the General Fund of \$105,977 and none in the Food Service Fund.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, 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 administrator is as follows:

Lincoln Investments
 GWN Marketing
 LSW

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.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior 2 years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$	\$ 1,834	\$ 1,010	\$ 24,553
2018-2019		48	1,014	23,729
2017-2018		50		24,695

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund Balances remained on the balance sheet at June 30, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 163,663	\$
Special Revenue		93,516
Food Service Fund		55,992
After School Childcare		12,534
Payroll Fund		1,621
Total	\$ <u>163,663</u>	\$ <u>163,663</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$906,551 General Fund balance at June 30, 2020, \$353,630 is restricted for Capital Reserve, of which \$0 has been assigned and appropriated as anticipated revenue in the year ending June 30, 2021; \$179,802 has been restricted for excess surplus, of which \$56,349 has been assigned and appropriated as anticipated revenue in the year ending June 30, 2021; \$114,400 is restricted for Maintenance Reserve, of which \$73,582 has been assigned and appropriated as anticipated revenue in the year ending June 30, 2021; \$0 has been assigned and appropriated as anticipated revenue for the year ending June 30, 2021; \$8,719 is assigned for encumbrances and \$250,000 is unreserved and undesignated.

Debt Service Fund - There was no undesignated Debt Service fund balance at June 30, 2020.

NOTE 15. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73(S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$179,802, of which \$56,349 must be budgeted in the 2020-21 budget and \$123,453 must be budgeted in 2021-22.

NOTE 17. TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district. For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 18. DEFICIT FUND BALANCES

The District had no deficit fund balance in the General Fund and a \$(17,623) deficit balance in the Special Revenue Fund as of June 30, 2020 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the deficit in the Special Revenue Fund does not alone indicate that the district is facing financial difficulties. The deficit in the Special Revenue Fund is equal to the 19th and 20th state aid payments received in July 2020.

NOTE 19. RECEIVABLES

Receivables at June 30, 2020 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Receivables:	General Fund	Special Revenue Fund	Proprietary Funds	Total
Intergovernmental	\$ 125,284	\$ 25,147	\$ 1,476	\$ 151,907
Other			28,210	28,210
Totals	<u>\$ 125,284</u>	<u>\$ 25,147</u>	<u>\$ 29,686</u>	<u>\$ 180,117</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 20. OPERATING LEASES

As of the audit date, the District has commitments to lease two copiers under operating leases that expire in the 2024-25 school year. The District has the following lease payments remaining for their copiers:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 5,040
2022	5,040
2023	5,040
2024	5,040
2025	840
Total	<u>\$ 21,000</u>

The District also has a commitment to lease a postage meter under operating lease that expires in the 2024-25 school year. The District has the following lease payments remaining for the postage meter:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 782
2022	782
2023	782
2024	782
2025	782
Total	<u>\$ 3,908</u>

The total operating lease payments made during the year ended June 30, 2020 were \$5,616.

NOTE 21. SUBSEQUENT EVENTS

There were no subsequent events affecting the District between June 30, 2020 and the Audit Report Date.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,158,624	\$	\$ 1,158,624	\$ 1,158,624	\$
Transportation Fees from Other LEAs	37,250		37,250	39,910	2,660
Unrestricted Miscellaneous Revenues	50,100		50,100	348,631	298,531
Interest Earnings				650	650
Interest Earned on Cap Reserve Funds	250		250	250	
Interest Earned on Maintenance Reserve	250		250	250	
Total - Local Sources	1,246,474		1,246,474	1,548,315	301,841
State Sources:					
Categorical Special Education Aid	88,149		88,149	88,149	
Equalization Aid	566,534		566,534	566,534	
Categorical Security Aid	17,125		17,125	17,125	
Adjustment Aid	36,606		36,606	36,606	
Categorical Transportation Aid	55,120		55,120	55,120	
Additional Non Public Transportation				290	290
On-Behalf TPAF Pension Contrib (Non-budgeted)				193,340	193,340
On-behalf Post-Retirement Medical Contribution				71,726	71,726
On-behalf Long-term Disability Contribution				38	38
Reimbursed TPAF Social Security Contributions (Non-budgeted)				62,443	62,443
Total - State Sources	763,534		763,534	1,091,371	327,837
TOTAL REVENUES	2,010,008		2,010,008	2,639,686	629,678
EXPENDITURES:					
Current Expense:					
Salaries of Teachers:					
Kindergarten	4,698	4,037	8,735	8,735	
Grades 1-5	304,648	28,974	333,622	321,088	12,534
Grades 6-8	154,020	40,121	194,141	156,911	37,230
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000		1,000	1,000	
Regular Programs - Undistributed Instruction:					
Other Purchased Services	47,900	1,953	49,853		49,853
General Supplies	67,950	(37,810)	30,140	27,927	2,213
Textbooks	56,037	(55,543)	494		494
Other Objects		1,888	1,888	1,335	553
Total Regular Programs - Instruction	\$ 636,253	\$ (16,380)	\$ 619,873	\$ 516,996	\$ 102,877

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:					
Resource Room/Resource Center					
Salaries of Teachers	\$ 122,086	\$ (18,000)	\$ 104,086	\$ 103,919	\$ 167
General Supplies	750		750		750
Textbooks	450		450		450
Total Resource Room/Resource Center	123,286	(18,000)	105,286	103,919	1,367
Total Special Education - Instruction	123,286	(18,000)	105,286	103,919	1,367
Basic Skills/Remedial - Instruction					
Salaries of Teachers		1,109	1,109	1,109	
Other Salaries for Instruction	22,145	2,750	24,895	24,895	
General Supplies	500	(500)			
Textbooks	100		100		100
Total Basic Skills/Remedial - Instruction	22,745	3,359	26,104	26,004	100
School Sponsored Co-curricular Activities - Instruction					
Salaries of Teachers	3,500	1,190	4,690	3,732	958
Total School Sponsored Co-curr. Act. - Instr.	3,500	1,190	4,690	3,732	958
School Sponsored Athletics - Athletics					
Salaries of Teachers	5,000	(1,669)	3,331	3,221	110
Other Purchased Services	1,800		1,800		1,800
Supplies and Materials	500	(500)			
Total School Sponsored Athletics - Instruction	7,300	(2,169)	5,131	3,221	1,910
Total Instruction	793,084	(32,000)	761,084	653,872	107,212
Undistributed Expenditures:					
Instruction					
Tuition - CSSD & Regular Day Schools	39,633	7,256	46,889	46,889	
Total Instruction	39,633	7,256	46,889	46,889	
Attendance and Social Work Services:					
Salaries	21,241	1,359	22,600	22,600	
Other Purchases Services	2,000	(2,000)			
Supplies and Materials	2,500	(2,500)			
Total Attendance and Social Work Services	25,741	(3,141)	22,600	22,600	
Health Services:					
Salaries	57,305	10,330	67,635	66,025	1,610
Purch Professional/Technical Services	1,600	(1,547)	53	53	
Other Purchased Services	500	(500)			
Supplies and Materials	1,800		1,800	170	1,630
Total Health Services	\$ 61,205	\$ 8,283	\$ 69,488	\$ 66,248	\$ 3,240

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Speech, OT, PT and Related Services:					
Purchased Professional/Educational Services	\$ 12,000	\$ 1,740	\$ 13,740	\$ 10,322	\$ 3,418
Total Speech, OT, PT and Related Services	12,000	1,740	13,740	10,322	3,418
Other Support Services-Students-Extra Services:					
Purchased Professional/Educational Services	3,000	(3,000)			
Total Other Support Serv-Students-Extra Services	3,000	(3,000)			
Other Support Services - Students-Regular:					
Salaries Other Prof Staff					
Total Other Support Services - Students - Regular					
Guidance					
Salaries of Other Professional Staff	17,280	960	18,240	10,848	7,392
Total Undistributed Services Guidance	17,280	960	18,240	10,848	7,392
Other Support Services-Students-Child Study Teams:					
Salaries of Secretarial and Clerical Assistants					
Purchased Professional - Educational Services	6,525	(6,525)			
Other Objects	1,000	(1,000)			
Total Other Support Serv-Child Study Teams	7,525	(7,525)			
Improvement of Instruction Services:					
Purchased Prof - Ed Services	34,488	(539)	33,949	33,949	
Other Purch Prof. and Tech Services.	1,500	(900)	600	600	
Total Improvement of Instruction Services	35,988	(1,439)	34,549	34,549	
Educational Media Services/School Library:					
Other Purchased Services	800	(800)			
Supplies and Materials	1,000	(60)	940	940	
Total Educational Media Services/School Library	1,800	(860)	940	940	
Instructional Staff Training Services:					
Purchased Professional/Educational Services	1,000	(1,000)			
Other Purchased Services	500	(500)			
Total Instructional Staff Training Services	\$ 1,500	\$ (1,500)			

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Support Services - General Administration:					
Salaries	\$ 135,912	\$	\$ 135,912	\$ 135,912	
Legal Fees	4,500	2,248	6,748	6,496	252
Audit Fees	14,200	1,879	16,079	16,079	
Other Purchased Prof Services		50	50	50	
Communications/Telephone	3,500	3,869	7,369	7,317	52
BOE Other Purchased Services	1,500	6,207	7,707	6,766	941
Other Purchased Services	5,000	1,550	6,550	6,550	
General Supplies	1,000	1,015	2,015	2,012	3
BOE Membership Dues and Fees	2,976	(451)	2,525	2,455	70
Total Support Services - General Administration	168,588	16,367	184,955	183,637	1,318
Support Services - School Administration:					
Salaries of Secretarial/Clerical Assistants	24,228	2,880	27,108	27,108	
Other Purchased Services	500		500		500
Supplies and Materials	2,500	(2,000)	500	6	494
Total Support Services - School Administration	27,228	880	28,108	27,114	994
Central Services:					
Salaries	5,000		5,000	5,000	
Purchased Professional Services	22,000	5,000	27,000	27,000	
Purchased Technical Services	3,500	(2,678)	822	822	
Supplies and Maintenance	600	1,137	1,737	1,736	1
Total Central Services	31,100	3,459	34,559	34,558	1
Operation and Maintenance of Plant Services:					
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	72,757	(38,850)	33,907	28,201	5,706
General Supplies		3,191	3,191	3,184	7
Total Required Maintenance for School Facilities	72,757	(35,659)	37,098	31,385	5,713
Other Operation and Maintenance of Plant Services:					
Salaries	71,220	4,000	75,220	70,917	4,303
Purchased Professional/Technical Services	20,400	(18,615)	1,785		1,785
Cleaning, Repair and Maintenance Services	25,450	(5,804)	19,646	14,146	5,500
Other Purchased Property Services	7,000	4,292	11,292	11,292	
Insurance	16,200		16,200	16,185	15
Miscellaneous Purchased Services	5,000	(4,600)	400	336	64
General Supplies	5,000	(154)	4,846	3,124	1,722
Energy (Electricity)	21,000		21,000	19,532	1,468
Energy (Oil)	22,000	(7,000)	15,000	14,666	334
Total Other Operation and Maint. of Plant Services	193,270	(27,881)	165,389	150,198	15,191
Total Operation and Maintenance of Plant Services	\$ 266,027	\$ (63,540)	\$ 202,487	\$ 181,583	20,904

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Student Transportation Services:	\$	\$	\$	\$	\$
Sal. For Pupil Trans (Btw Home & School) - Reg	75,305	3,767	79,072	79,072	
Management Fee - ESC & CTSA Trans. Program	1,800	(1,800)			
Cleaning, Repair and Maintenance Services	20,000	20,656	40,656	40,656	
Contracted Services - Aid in Lieu Payments - Non-Pub.	9,000	(6,000)	3,000	3,000	
Miscellaneous Purchased Services - Transportation	13,000	(10,584)	2,416	2,316	100
General Supplies	32,000	(19,930)	12,070	11,978	92
Total Student Transportation Services	151,105	(13,891)	137,214	137,022	192
Regular Programs - Instruction - Employee Benefits					
Social Security Contributions	18,768	15,423	34,191	34,019	172
Other Retirement Contributions - PERS	18,200	16,166	34,366	18,353	16,013
Workmen's Compensation	18,040	622	18,662	18,662	
Health Benefits	401,120	75,070	476,190	465,676	10,514
Other Employee Benefits	8,750		8,750	2,408	6,342
Total Allocated Benefits	464,878	107,281	572,159	539,118	33,041
Unallocated Benefits					
Tuition Reimbursement					
Total Unallocated Benefits					
On-Behalf TPAF Pension Contrib (Non-budgeted)				193,340	(193,340)
On-Behalf TPAF Post Retirem. Medical Contrib.(Non-budgeted)				71,726	(71,726)
On-behalf Long-term Disability Contribution				38.00	(38)
Reimbursed TPAF Soc. Sec. Contrib. (Non-budgeted)				62,443	(62,443)
Total Undistributed Expenditures	1,314,598	51,330	1,365,928	1,622,975	(257,047)
Interest Earned on Maintenance Reserve	250		250		250
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 2,107,932	\$ 19,330	\$ 2,127,262	\$ 2,276,847	\$ (149,585)

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CAPITAL OUTLAY:					
Undistributed Expenditures:					
Equipment					
School Buses - Regular	\$	\$	\$	\$	\$
<hr/>					
Total Undistributed Expenditures					
Facilities Acquisition and Construction Services:					
Construction Services					
Land and Improvements					
Assessment for Debt Service on SDA Funding	739		739	739	
Total Facilities Acquisition and Construction Services	739		739	739	
Interest Deposit to Capital Reserve	250		250		250
TOTAL CAPITAL OUTLAY	989		989	739	250
TOTAL EXPENDITURES	2,108,921	19,330	2,128,251	2,277,586	(149,335)
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	(98,913)	(19,330)	(118,243)	362,100	480,343
Other Financing Sources (Uses):					
Transfer to Food Service	(11,558)		(11,558)	(25,023)	(13,465)
Capital Reserve - Transfer to Capital Projects fund	(65,000)		(65,000)	(65,000)	
Total Other Financing Sources	(76,558)		(76,558)	(90,023)	(13,465)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(175,471)	(19,330)	(194,801)	272,077	466,878
Fund Balances, July 1	634,474		634,474	634,474	
Fund Balances, June 30	\$ 459,003	\$ (19,330)	\$ 439,673	\$ 906,551	\$ 466,878
<hr/>					
<u>RECAPITULATION :</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 353,630	
Maintenance Reserve				40,818	
Excess Surplus				123,453	
Excess Surplus - Designated for Subsequent Year's Expenditures				56,349	
Assigned Fund Balance:					
Encumbrances				8,719	
Maintenance Reserve				73,582	
Designated for Subsequent Year's Expenditures					
Unassigned Fund Balance				250,000	
				906,551	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(71,662)	
Fund Balance per Governmental Funds (GAAP)				\$ 834,889	

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources	\$ 2,586		\$ 2,586	\$ 2,586	
Federal Sources	103,484	10	103,494	99,881	(3,613)
State Sources	213,178	(1,696)	211,482	207,972	(3,510)
Total Revenues	<u>319,248</u>	<u>(1,686)</u>	<u>317,562</u>	<u>310,439</u>	<u>(7,123)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	112,136		112,136	112,136	
Other Salaries for Instruction	42,840		42,840	42,840	
Purchased Professional and Technical Services	15,651	(1,686)	13,965	13,348	617
General Supplies	26,975		26,975	11,225	15,750
Textbooks	5,535		5,535	18,392	(12,857)
Other Purchased Services	4,094		4,094	4,094	
Total Instruction	<u>207,231</u>	<u>(1,686)</u>	<u>205,545</u>	<u>202,035</u>	<u>3,510</u>
Support Services					
Salaries of Teachers	23,000		23,000	23,000	
Employee Benefits	29,306		29,306	29,306	
Purchased Professional Technical Services	40,889		40,889	40,889	
Other Purchased Services	15,583		15,583	11,970	3,613
Materials and Supplies	3,239		3,239	3,239	
Total Support Services	<u>112,017</u>		<u>112,017</u>	<u>108,404</u>	<u>3,613</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Total Facilities Acquisition and Constr. Serv.					
Total Expenditures	<u>319,248</u>	<u>(1,686)</u>	<u>317,562</u>	<u>310,439</u>	<u>7,123</u>
Other Financing Sources (Uses)					
Total Outflows	<u>319,248</u>	<u>(1,686)</u>	<u>317,562</u>	<u>310,439</u>	<u>7,123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

STOW CREEK TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 2,639,686		[C-2] \$ 310,439
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			106
Prior Year			
Current Year			(14,388)
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.	76,845		8,660
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(71,662)		(17,623)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>[B-2] \$ 2,644,869</u>		<u>[B-2] \$ 287,194</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 2,277,586		[C-2] \$ 310,439
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			106
Current Year			(14,388)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>[B-2] \$ 2,277,586</u>		<u>[B-2] \$ 296,157</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

STOW CREEK TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>
District's Proportion of the Net Pension Liability	0.001811%		0.001758%		0.001689%		0.001830%		0.001992%		0.002094%		0.002053%
District's Proportionate Share of the Net Pension Liability	\$ 326,283	\$	346,094	\$	393,178	\$	542,012	\$	447,142	\$	392,153	\$	392,371
District's Covered-Employee Payroll	\$ 183,305	\$	138,666	\$	121,829	\$	123,440	\$	117,014	\$	120,042	\$	134,938
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	178.00%		249.59%		322.73%		439.09%		382.13%		326.68%		290.78%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	56.27%		53.60%		48.10%		48.10%		40.14%		47.93%		52.08%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 17,750	\$ 17,591	\$ 15,966	\$ 16,406	\$ 17,125	\$ 17,267	\$ 15,469
Contributions in relation to the Contractually Required Contribution	(17,750)	(17,591)	(15,966)	(16,406)	(17,125)	(17,267)	(15,469)
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 183,305	\$ 138,666	\$ 121,829	\$ 123,440	\$ 117,014	\$ 120,042	\$ 134,938
Contributions as a Percentage of Covered-Employee Payroll	9.68%	12.69%	13.11%	13.29%	14.64%	14.38%	11.46%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.008365%	0.008102%	0.008148%	0.008006%	0.007886%	0.007244%	0.006428%
District's Proportionate Share of the Net Pension Liability	\$ 5,133,856	\$ 5,154,033	\$ 5,493,835	\$ 6,928,203	\$ 4,984,452	\$ 3,871,470	\$ 3,248,592
District's Covered-Employee Payroll	\$ 884,249	\$ 915,652	\$ 898,562	\$ 857,458	\$ 837,974	\$ 838,960	\$ 809,677
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	580.59%	562.88%	611.40%	807.99%	594.82%	461.46%	401.22%
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: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ 153,821	\$ 166,595	\$ 201,147
Interest Cost	196,011	190,825	165,585
Changes of Benefit Terms			
Differences Between Expected and Actual Experiences	(559,513)	95,660	
Changes of Assumptions	70,089	(571,528)	(689,409)
Member Contributions	4,277	4,603	4,458
Gross Benefit Payments	(144,301)	(133,175)	(121,079)
Net Change in Total OPEB Liability	<u>(279,616)</u>	<u>(247,020)</u>	<u>(439,298)</u>
Total OPEB Liability - Beginning	4,980,423	5,227,443	5,666,741
Total OPEB Liability - Ending	<u>\$ 4,700,807</u>	<u>\$ 4,980,423</u>	<u>\$ 5,227,443</u>
Covered-Employee Payroll	\$ 1,067,554	\$ 1,054,318	\$ 1,020,391
Total OPEB Liability as a Percentage of Covered-Employee Payroll	440.33%	472.38%	512.30%

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between Expected and Actual Experiences: The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience. The decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes in Assumptions: The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

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.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	<u>NCLB Title I 2019-20</u>	<u>NCLB Title II</u>	<u>Sub-Total Per E-1(2)</u>	<u>Sub-Total Per E-1(3)</u>	<u>Totals</u>	
	<u>2019-20</u>				<u>2020</u>	<u>2019</u>
REVENUES:						
Local Sources	\$	\$	\$ 2,586	\$	\$ 2,586	\$ 2,561
Federal Sources	31,703	1,970	66,208		99,881	110,559
State Sources				207,972	207,972	114,082
Total Revenues	<u>31,703</u>	<u>1,970</u>	<u>68,794</u>	<u>207,972</u>	<u>310,439</u>	<u>227,202</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers				112,136	112,136	74,579
Other Salaries for Instruction				42,840	42,840	10,815
Purchased Professional and Technical Services				13,348	13,348	14,948
General Supplies			11,225		11,225	39,742
Textbooks				18,392	18,392	5,092
Other Purchased Serv.			4,094		4,094	4,700
Total Instruction			<u>15,319</u>	<u>186,716</u>	<u>202,035</u>	<u>149,876</u>
Support Services:						
Salaries of Teachers	23,000				23,000	
Employee Benefits	8,050			21,256	29,306	27,048
Purchased Professional Technical Services			40,889		40,889	43,910
Other Purchased Services		1,970	10,000		11,970	3,807
Materials and Supplies	653		2,586		3,239	2,561
Total Support Services	<u>31,703</u>	<u>1,970</u>	<u>53,475</u>	<u>21,256</u>	<u>108,404</u>	<u>77,326</u>
Facilities Acquisition/Construction:						
Instructional Equipment						
Total Facilities Acquisition/Construction						
Total Expenditures	<u>\$ 31,703</u>	<u>\$ 1,970</u>	<u>\$ 68,794</u>	<u>\$ 207,972</u>	<u>\$ 310,439</u>	<u>\$ 227,202</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	<u>IDEA</u> <u>Basic</u> <u>Flow-</u> <u>Through</u>	<u>Pre-</u> <u>School</u>	<u>NCLB</u> <u>Title IV</u>	<u>REAP</u>	<u>Safety</u> <u>Grant</u>	<u>Totals</u> <u>2020</u>
REVENUES:						
Local sources				\$	\$ 2,586	\$ 2,586
Federal Sources	\$ 44,094	\$ 889	\$ 10,000	\$ 11,225		\$ 66,208
Total Revenues	<u>44,094</u>	<u>889</u>	<u>10,000</u>	<u>11,225</u>	<u>2,586</u>	<u>68,794</u>
EXPENDITURES:						
Instruction:						
Purchased Professional and Technical Services				11,225		11,225
General Supplies						4,094
Other Purchased Serv.	4,094					4,094
Total Instruction	<u>4,094</u>			<u>11,225</u>		<u>15,319</u>
Support Services:						
Employee Benefits						
Purchased Professional Technical Services	40,000	889				40,889
Other Purchased Services			10,000			10,000
Materials and Supplies					2,586	2,586
Total Support Services	<u>40,000</u>	<u>889</u>	<u>10,000</u>		<u>2,586</u>	<u>53,475</u>
Facilities Acquisition/Construction:						
Instructional Equipment						
Total Facilities Acquisition/Construction						
Total Expenditures	<u>\$ 44,094</u>	<u>\$ 889</u>	<u>\$ 10,000</u>	<u>\$ 11,225</u>	<u>\$ 2,586</u>	<u>\$ 68,794</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	N.J. Nonpublic Nursing	N.J. Nonpublic Technology Aid	N.J. Nonpublic Security Aid	N.J. Textbook Aid	Preschool Education	Totals 2020
REVENUES:						
Federal Sources	\$	\$	\$	\$	\$	\$
State Sources	10,185	3,163	12,857	5,535	176,232	207,972
Total Revenues	10,185	3,163	12,857	5,535	176,232	207,972
EXPENDITURES:						
Instruction:						
Salaries of Teachers					112,136	112,136
Other Salaries for Instruction					42,840	42,840
Purchased Professional and Technical Services	10,185	3,163				13,348
General Supplies						
Textbooks			12,857	5,535		18,392
Total Instruction	10,185	3,163	12,857	5,535	154,976	186,716
Support Services:						
Employee Benefits					21,256	21,256
Purchased Professional Technical Services						
Total Support Services					21,256	21,256
Facilities Acquisition/Construction:						
Instructional Equipment						
Total Facilities Acquisition/Construction						
Total Expenditures	\$ 10,185	\$ 3,163	\$ 12,857	\$ 5,535	\$ 176,232	\$ 207,972

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 112,136	\$ 112,136	\$
Other Salaries for Instruction	42,840	42,840	
Total Instruction	<u>154,976</u>	<u>154,976</u>	
Support:			
Personal Services - Employee Benefits	21,256	21,256	
Total Support Services	<u>21,256</u>	<u>21,256</u>	
Facilities Acquisition and Const. Services:			
Instructional Equipment			
Non-instructional Equipment			
Total Facilities Acquisition and Const. Services:			
Total Expenditures	<u>\$ 176,232</u>	<u>\$ 176,232</u>	<u>\$</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2019-20 Preschool Education Aid Allocation	\$ 176,232	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2020)		(2)
Add: Budgeted Transfer from the General Fund 2019-20		(3)
Total Preschool Education Aid Funds Available for 2019-20 Budget	<u>176,232</u>	(4)
Less: 2019-20 Budgeted Preschool Education Aid (including prior year budget carryover)	<u>(176,232)</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2020		(6)
Add: June 30, 2020 Unexpended Preschool Education Aid		(7)
Less: 2019-20 Commissioner-approved Transfer to the General Fund		(8)
2019-20 Carryover - Preschool Education Aid/Preschool Programs	\$ <u> </u>	(9)
2019-20 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2020-21	\$ <u> </u>	(10)

CAPITAL PROJECTS FUND DETAIL STATEMENT

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.

STOW CREEK TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Number</u>	<u>Issue/Project Title</u>	<u>Expenditures to Date</u>		<u>Unexpended</u>	<u>Memo Only</u>		
		<u>Appropriations</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Balance 6/30/20</u>	<u>Encumbrances</u>	<u>Available Balance</u>
2020-1	Acquisition of Fire Doors	\$ 65,000	\$	\$ 36,341	\$ 28,659	\$	\$ 28,659
		\$ 65,000	\$	\$ 36,341	\$ 28,659	\$	\$ 28,659

STOW CREEK TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

**Revenues and Other Financing
Sources**

Transfer from Capital Reserve	\$ 65,000
Total Revenues	<u>65,000</u>

**Expenditures and Other Financing
Uses**

Other Professional and Technical Services	
Construction Services	<u>36,341</u>
Total Expenditures	<u>36,341</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures 28,659

Fund Balance - Beginning

Fund Balance - Ending \$ 28,659

STOW CREEK TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Acquisition of Fire Doors</u>				
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$	\$ 65,000	\$ 65,000	\$ 65,000
Total Revenues		65,000	65,000	65,000
Expenditures and Other Financing Uses				
Construction Services		36,341	36,341	65,000
Total Expenditures		36,341	36,341	65,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$ 28,659	\$ 28,659	\$

PROPRIETARY FUND DETAIL STATEMENTS

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 for the schools within the school district.

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINED SCHEDULE OF NET POSITION
AS OF JUNE 30, 2020 AND 2019

	<u>Food Service Fund</u>	<u>After School Childcare</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 31,292	\$ 26,516	\$ 57,808	\$ 73,224
Accounts Receivable:				
State	137		137	289
Federal	1,339		1,339	10,533
Other	24,468	3,742	28,210	19,949
Inventories	3,270		3,270	1,770
Total Current Assets	<u>60,506</u>	<u>30,258</u>	<u>90,764</u>	<u>105,765</u>
Fixed Assets:				
Equipment	35,147		35,147	35,147
Accumulated Depreciation	(32,401)		(32,401)	(31,854)
Total Fixed Assets	<u>2,746</u>		<u>2,746</u>	<u>3,293</u>
Total Assets	<u>63,252</u>	<u>30,258</u>	<u>93,510</u>	<u>109,058</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	118		118	3,430
Interfund Payable	55,992	12,534	68,526	81,015
Unearned Revenue	947	550	1,497	1,206
Total Current Liabilities	<u>57,057</u>	<u>13,084</u>	<u>70,141</u>	<u>85,651</u>
Total Liabilities	<u>57,057</u>	<u>13,084</u>	<u>70,141</u>	<u>85,651</u>
NET POSITION:				
Investment in Fixed Assets	2,746		2,746	3,293
Unrestricted	3,449	17,174	20,623	20,114
Total Net Position	<u>\$ 6,195</u>	<u>\$ 17,174</u>	<u>\$ 23,369</u>	<u>\$ 23,407</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	Food Service Fund	After School Childcare	Total	
			2020	2019
OPERATING REVENUES:				
Local Sources:				
Food Sales Reimbursable Programs	\$ 8,728	\$	\$ 8,728	\$ 12,060
Food Sales Non-Reimbursable Programs	23,095		23,095	34,618
After School Childcare Fees		15,558	15,558	19,204
Total Operating Revenue	31,823	15,558	47,381	65,882
OPERATING EXPENSES:				
Salaries	25,972	14,088	40,060	40,832
Supplies and Materials	5,231	6,119	11,350	12,719
Cost of Sales	13,370		13,370	14,895
Cost of Sales - Non Program Food	10,782		10,782	10,069
Management Fee	8,750		8,750	12,500
Miscellaneous	1,704		1,704	1,989
Depreciation	547		547	507
Total Operating Expenses	66,356	20,207	86,563	93,511
Operating Income/(Loss)	(34,533)	(4,649)	(39,182)	(27,629)
NON-OPERATING REVENUES:				
State Sources:				
State School Lunch Program	372		372	417
Federal Sources:				
National School Lunch Program	9,548		9,548	14,205
School Breakfast Program	1,475		1,475	1,253
Food Distribution Program	2,623		2,623	3,672
Interest	103		103	54
Total Non-Operating Revenues	14,121		14,121	19,601
Change in Net Assets Before Operating Transfers In/(out)	(20,412)	(4,649)	(25,061)	(8,028)
Operating Transfer In - General Fund	25,023		25,023	9,000
Net (Loss)/Income	4,611	(4,649)	(38)	972
Net Position - July 1	1,584	21,823	23,407	22,435
Net Position - June 30	\$ 6,195	\$ 17,174	\$ 23,369	\$ 23,407

STOW CREEK TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2020

	Food Service Fund	After School Childcare	Total	
			2020	2019
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 31,823	\$ 15,558	\$ 47,381	\$ 65,882
Payments to Employees	(25,972)	(14,088)	(40,060)	(40,832)
Payments to Suppliers	(67,548)		(67,548)	4,202
Payments to Others	(1,704)	7,371	5,667	(11,005)
Net Cash Provided by (Used for) Operating Activities	(63,401)	8,841	(54,560)	18,247
Cash Flows from Non-capital Financing Activities				
State Sources	372		372	417
Federal Sources	13,646		13,646	19,130
Interfund Transfer	25,023		25,023	9,000
Net Cash Provided by (Used for) Non-capital Financing Activities	39,041		39,041	28,547
Cash Flows from Capital Financing Activities				
Net Cash Provided by (Used for) Capital Financing				
Cash Flows from Investing Activities				
Interest and Dividends	103		103	54
Net Cash Provided by (Used for) Investing Activities	103		103	54
Net Increase/(Decrease) in Cash and Cash Equivalents	(24,257)	8,841	(15,416)	46,848
Balances - Beginning of Year	55,549	17,675	73,224	26,376
Balances - End of Year	\$ 31,292	\$ 26,516	\$ 57,808	\$ 73,224
Operating Income/(Loss)	\$ (34,533)	\$ (4,649)	\$ (39,182)	\$ (27,629)
Adjustments to Reconcile Operating Income/(Loss) to Cash Used by Operating Activities:				
Depreciation	547		547	507
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	535	550	1,085	(16,799)
Decrease/(Increase) in Interfund Receivable			-	22,138
Decrease/(Increase) in Other Program Fees Receivable				
Decrease/(Increase) in Inventory	(1,500)		(1,500)	(683)
Increase/(Decrease) in Accounts Payable	(3,312)	12,534	9,222	(41,221)
Increase/(Decrease) in Interfund Payable	(25,023)		(25,023)	81,015
Increase/(Decrease) in Cash Overdraft				-
Increase/(Decrease) in Unearned Revenue	(115)	406	291	919
Total Adjustments	(28,868)	13,490	(15,378)	45,876
Net Cash Used by Operating Activities	\$ (63,401)	\$ 8,841	\$ (54,560)	\$ 18,247

FIDUCIARY FUNDS DETAIL STATEMENTS

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 an/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 district.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>	
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>2020</u>	<u>2019</u>	
ASSETS:						
Cash and Cash Equivalents	\$ 25,558	\$ 24,862	\$ 8,353	\$ 58,773	\$ 85,542	
Accounts Receivable					200	
Total Assets	\$ 25,558	\$ 24,862	\$ 8,353	\$ 58,773	\$ 85,742	
LIABILITIES AND NET POSITION:						
Liabilities:						
Due to Student Groups	\$	\$ 24,862	\$	\$ 24,862	\$ 25,222	
Payroll Deductions and Withholdings			6,732	6,732	3,383	
Due to General Fund			1,621	1,621	32,920	
Accounts Payable	1,005			1,005	488	
Total Liabilities	1,005	\$ 24,862	\$ 8,353	34,220	62,013	
NET POSITION:						
Held in Trust for Unemployment Claims and Other Purposes	\$ 24,553			\$ 24,553	\$ 23,729	

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ <u>1,786</u>
Total Contributions	
Investments and Earnings:	
Interest	<u>48</u>
Total Additions	<u>1,834</u>
DEDUCTIONS:	
Unemployment Claims	<u>1,010</u>
Total Deductions	<u>1,010</u>
Change in Net Position	824
Net Position - July 1	<u>23,729</u>
Net Position - June 30	<u>\$ <u>24,553</u></u>

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1,</u> <u>2019</u>	<u>Accounts</u> <u>Receivable</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30,</u> <u>2020</u>
ELEMENTARY SCHOOL	\$ 25,222	\$	\$ 14,748	\$ 15,108	\$	\$ 24,862
Principal's Fund						\$ 1,307
Music Fund						5,892
Class of 2022						833
Class of 2021						835
Safety Patrol						275
Yearbook						12,211
Student Council						3,509
Total						\$ 24,862

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 36,303	\$ 1,486,927	\$ 1,514,877	\$ 8,353
	<u>\$ 36,303</u>	<u>\$ 1,486,927</u>	<u>\$ 1,514,877</u>	<u>\$ 8,353</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 3,383	\$ 1,486,927	\$ 1,483,578	\$ 6,732
Due to General Fund	32,920		31,299	1,621
	<u>\$ 36,303</u>	<u>\$ 1,486,927</u>	<u>\$ 1,514,877</u>	<u>\$ 8,353</u>

STATISTICAL SECTION

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 336,802	\$ 185,061	\$ 258,635	\$ 232,210	\$ 374,058	\$ 383,497	\$ 376,841	\$ 367,725	\$ 395,828	\$ 398,228
Restricted	169,241	112,204	130,784	191,828	180,035	317,106	388,213	367,016	384,474	685,210
Unrestricted (Deficit)	29,293	116,671	171,636	131,736	(254,332)	(279,417)	(307,854)	(259,728)	(321,269)	(340,416)
Total Governmental Activities Net Position	\$ 535,336	\$ 413,936	\$ 561,055	\$ 555,774	\$ 299,761	\$ 421,186	\$ 457,200	\$ 475,013	\$ 459,033	\$ 743,022
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 10,555	\$ 10,570	\$ 6,292	\$ 5,827	\$ 5,320	\$ 4,813	\$ 4,306	\$ 3,800	\$ 3,293	\$ 2,746
Unrestricted	43,594	34,624	26,951	14,992	5,741	5,963	12,525	18,635	20,114	20,623
Total Business-Type Activities Net Position	\$ 54,149	\$ 45,194	\$ 33,243	\$ 20,819	\$ 11,061	\$ 10,776	\$ 16,831	\$ 22,435	\$ 23,407	\$ 23,369
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 347,357	\$ 195,631	\$ 264,927	\$ 238,037	\$ 379,378	\$ 388,310	\$ 381,147	\$ 371,525	\$ 399,121	\$ 400,974
Restricted	169,241	112,204	130,784	191,828	180,035	317,106	388,213	367,016	384,474	685,210
Unrestricted (Deficit)	72,887	151,295	198,587	146,728	(248,591)	(273,454)	(295,329)	(241,093)	(301,155)	(319,793)
Total District-Wide Net Position	\$ 589,485	\$ 459,130	\$ 594,298	\$ 576,593	\$ 310,822	\$ 431,962	\$ 474,031	\$ 497,448	\$ 482,440	\$ 766,391

Source: CAFR Schedule A-1

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending.									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 544,178	650,999	690,312	675,387	760,729	717,894	700,516	794,950	858,470	710,666
Special Education	45,708	46,051	48,241	49,904	51,425	52,738	87,246	1,209	62,884	103,919
Other	106,330	68,979	24,156	21,561	23,154	34,190	31,755	54,895	38,505	32,957
Support Services										
Tuition	119,491	86,775	105,008	135,939	34,831	11,175	20,258	7,451	51,371	46,889
Student and Instruction Related Services	145,602	138,026	143,281	151,793	153,350	144,172	157,887	127,865	134,896	216,555
General Administrative Services	120,182	121,536	127,700	127,614	129,742	129,081	114,353	141,760	143,265	183,654
School Administrative Services	24,544	21,520	24,683	21,196	21,145	21,095	24,060	25,558	26,622	27,114
Central Services	28,267	26,671	30,388	31,864	32,700	32,635	23,337	20,899	51,795	34,558
Plant Operations and Maintenance	172,945	180,286	162,888	224,106	191,315	199,520	220,251	198,128	184,299	183,010
Pupil Transportation	144,566	167,708	175,279	182,231	171,145	167,778	118,682	169,573	192,512	163,602
Other Support Services	377,227	468,029	484,309	473,902	676,487	847,299	1,069,535	1,249,367	1,090,513	1,116,099
Unallocated depreciation	46,037	5,016								
Interest on Debt					739	739	739	739	739	739
Total Governmental Activities Expenses	1,875,077	1,961,596	2,016,245	2,095,497	2,246,762	2,358,316	2,568,619	2,792,394	2,835,871	2,819,762
Business-Type Activities										
Food Service	79,837	84,521	72,652	73,563	80,173	77,461	78,724	77,729	77,495	66,356
Child Care	14,678	15,540	16,226	16,297	11,413	13,332	11,977	11,976	16,016	20,207
Total Business-Type Activities Expense	94,515	100,061	88,878	89,860	91,586	90,793	90,701	89,705	93,511	86,563
Total District Expenses	1,969,592	2,061,657	2,105,123	2,185,357	2,338,348	2,449,109	2,659,320	2,882,099	2,929,382	2,906,325
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	200,495	273,172	259,302	235,658	451,899	400,065	559,625	503,651	527,558	590,916
Total Governmental Activities Program Revenues	200,495	273,172	259,302	235,658	451,899	400,065	559,625	503,651	527,558	590,916
Business-Type Activities										
Charges for Services										
Food Service	51,500	47,285	40,949	44,216	43,041	46,045	47,978	33,285	46,678	31,823
Child Care	15,367	14,038	8,848	10,138	12,451	16,299	16,584	21,999	19,204	15,558
Operating Grants and Contributions	29,961	21,520	21,485	19,946	25,277	20,872	21,176	20,306	19,547	14,018
Total Business-Type Activities Program Revenues	96,828	82,843	71,282	74,300	80,769	83,216	85,738	75,590	85,429	61,399
Total District Program Revenues	297,323	356,015	330,584	309,958	532,668	483,281	645,363	579,241	612,987	652,315
Net (Expense)/Revenue										
Governmental Activities	(1,674,582)	(1,688,424)	(1,756,943)	(1,859,839)	(1,794,863)	(1,958,251)	(2,008,994)	(2,288,743)	(2,308,313)	(2,228,846)
Business-Type Activities	2,313	(17,218)	(17,596)	(15,560)	(10,817)	(7,577)	(4,963)	(14,115)	(8,082)	(25,164)
Total District-Wide Net Expense	(1,672,269)	(1,705,642)	(1,774,539)	(1,875,399)	(1,805,680)	(1,965,828)	(2,013,957)	(2,302,858)	(2,316,395)	(2,254,010)
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	880,526	880,526	892,135	956,810	1,019,220	1,030,397	1,044,065	1,078,995	1,100,575	1,158,624
Unrestricted Grants and Contributions	798,174	863,689	825,109	830,696	831,394	965,397	975,767	1,177,083	1,102,869	986,957
Restricted Grants, Tuition and Contributions										
Tuition Received	7,545	2,880	1,600	3,200	6,240	12,960	6,720	3,200		
Transportation Fees Received	31,500	32,130	33,750	34,425	35,800	37,250	6,710		41,078	39,910
Investment Earnings										
Miscellaneous Income	3,649	10,151	36,053	32,485	24,098	40,937	22,746	66,956	56,811	352,367
Donated Capital Assets										
Prior Year Adjustment		(215,693)								
Transfers	(5,053)	(6,659)	(9,000)	(3,058)	(1,000)	(7,265)	(11,000)	(19,678)	(9,000)	(25,023)
Total Governmental Activities	1,716,341	1,567,024	1,779,647	1,854,558	1,915,752	2,079,676	2,045,008	2,306,556	2,292,333	2,512,835
Business-Type Activities										
Investment and Miscellaneous Earnings	11,585	1,604	172	78	59	27	18	41	54	103
Fixed Asset Adjustment			(3,527)							
Transfers	5,053	6,659	9,000	3,058	1,000	7,265	11,000	19,678	9,000	25,023
Total Business-Type Activities	16,638	8,263	5,645	3,136	1,059	7,292	11,018	19,719	9,054	25,126
Total District-Wide	1,732,979	1,575,287	1,785,292	1,857,694	1,916,811	2,086,968	2,056,026	2,326,275	2,301,387	2,537,961
Change in Net Position										
Governmental Activities	41,759	(121,400)	22,704	(5,281)	120,889	121,425	36,014	17,813	(15,980)	283,989
Business-Type Activities	18,951	(8,955)	(11,951)	(12,424)	(9,758)	(285)	6,055	5,604	972	(38)
Total District-Wide	\$ 60,710	(130,355)	10,753	(17,705)	111,131	121,140	42,069	23,417	(15,008)	283,951

Source: CAFR Schedule A-2

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 112,084	\$ 62,732	\$ 114,318	\$	\$	\$	\$	\$	\$	\$
Capital Reserve Account				73,608	119,991	116,391	197,690	75,580	75,958	353,630
Excess Surplus				46,383	42,047	122,610	77,125	186,436	120,660	179,802
Maintenance Reserve						60,000	105,000	105,000	73,332	40,818
Assigned:										
Capital Reserve Account									65,000	73,582
Year-end Encumbrances				10,837	17,152	16,539	7,528		3,364	8,719
Subsequent Year's Expenditures				61,000	845	1,566	870	46,392	46,160	
Unassigned	54,516	139,261	162,140	177,800	173,329	169,622	171,836	174,195	173,155	178,338
Total General Fund	\$ 166,600	\$ 201,993	\$ 276,458	\$ 369,628	\$ 353,364	\$ 486,728	\$ 560,049	\$ 587,603	\$ 557,629	\$ 834,889
All Other Governmental Funds										
Restricted	\$ 63,771	\$ 63,771	\$ 63,771	\$	\$	\$	\$	\$	\$	\$
Committed										28,659
Unassigned, Reported in:										
Special Revenue Fund (Deficit)									(8,660)	(17,623)
Total All Other Governmental Funds	\$ 63,771	\$ 63,771	\$ 63,771	\$	\$	\$	\$	\$	\$ (8,660)	\$ 11,036

Source: CAFR Schedule B-1

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (UNAUDITED)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 880,526	\$ 880,526	\$ 892,135	\$ 956,810	\$ 1,019,220	\$ 1,030,397	\$ 1,044,065	\$ 1,078,995	\$ 1,100,575	\$ 1,158,624
Tuition Charges	7,545	2,880	1,600	3,200	6,240	12,960	6,720	3,200		
Transportation Charges	31,500	32,130	33,750	34,425	35,800	37,250	6,710		41,078	39,910
Interest Earnings						736	736	500	378	500
Miscellaneous	3,649	10,151	36,053	32,485	24,098	40,201	22,010	66,456	56,433	351,867
State Sources	928,143	982,074	1,003,868	990,138	991,955	1,048,328	1,079,912	1,102,886	1,217,578	1,292,506
Federal Sources	70,526	154,787	80,543	76,216	125,653	76,889	73,910	106,868	110,559	80,606
Total Revenues	1,921,889	2,062,548	2,047,949	2,093,274	2,202,966	2,246,761	2,234,063	2,358,905	2,526,601	2,924,013
Expenditures										
Instruction										
Regular Instruction	544,178	636,653	652,809	670,614	753,704	710,869	694,592	789,417	853,084	704,749
Special Education Instruction	45,708	46,051	48,241	49,904	51,425	52,738	87,246	1,209	62,884	103,919
Other Instruction	106,330	68,979	24,156	21,561	23,154	34,190	31,755	54,895	38,505	32,957
Support Services										
Tuition	119,491	86,775	105,008	135,939	34,831	11,175	20,258	7,451	51,371	46,889
Student and Instruction Related Services	145,602	138,026	143,281	151,793	153,350	144,172	157,887	127,865	134,896	216,555
General Administration	120,182	121,040	126,856	126,861	129,722	129,061	114,336	141,744	143,250	183,637
School Administrative Services	24,544	21,520	24,683	21,196	21,145	21,095	24,060	25,558	26,622	27,114
Central Services	28,267	26,671	30,388	31,864	32,700	32,635	23,337	20,899	51,795	34,558
Plant Operations and Maintenance	172,945	158,069	161,339	223,909	191,025	197,825	218,822	196,793	182,999	181,583
Pupil Transportation	144,566	150,626	155,315	160,790	139,588	136,221	92,071	167,341	168,315	137,022
Employee Benefits	380,648	461,341	491,669	465,647	506,107	585,676	657,314	777,762	782,774	895,971
Capital Outlay	74,695	104,745	739	89,352	181,479	50,475	28,064	739	59,740	37,080
Total Expenditures	1,907,156	2,020,496	1,964,484	2,149,430	2,218,230	2,106,132	2,149,742	2,311,673	2,556,235	2,602,034
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	14,733	42,052	83,465	(56,156)	(15,264)	140,629	84,321	47,232	(29,634)	321,979
Other Financing Sources (Uses)										
Transfers Out	(5,053)	(6,659)	(9,000)	(3,058)	(1,000)	(7,265)	(11,000)	(19,678)	(9,000)	(25,023)
Proceeds from Capital Lease				88,613						
Total Other Financing Sources (Uses)	(5,053)	(6,659)	(9,000)	85,555	(1,000)	(7,265)	(11,000)	(19,678)	(9,000)	(25,023)
Net Change in Fund Balances	\$ 9,680	\$ 35,393	\$ 74,465	\$ 29,399	\$ (16,264)	\$ 133,364	\$ 73,321	\$ 27,554	\$ (38,634)	\$ 296,956
Debt Service as a Percentage of										
Noncapital Expenditures	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Source: CAFR Schedule B-2

STOW CREEK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transport-</u> <u>ation</u>	<u>Prior</u> <u>Year</u> <u>Revenue</u>	<u>Cell</u> <u>Tower</u> <u>Rent</u>	<u>ERATE</u>	<u>Prior</u> <u>Year</u> <u>Refunds</u>	<u>Misc.</u>	<u>Total</u>
2020	\$ 1,150	\$	\$ 39,910	\$	\$ 21,950	\$	\$	\$ 326,681	\$ 389,691
2019	1,573		41,078		23,244			29,433	95,328
2018	1,280	3,200			33,136	17,837		14,703	70,156
2017	981	6,720	6,710		14,624		3,522	3,619	36,176
2016	1,184	12,960	37,250		21,271		15,608	2,874	91,147
2015	1,402	6,240	34,425		20,600			2,096	64,763
2014	1,783	3,200	34,425		20,000			1,726	61,134
2013		34,425	33,750	32,795				3,258	104,228
2012	2,618	33,750	32,130				4,447	3,086	76,031
2011	945	32,130	31,500					2,704	67,279

Source: District Records

STOW CREEK TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2020	\$ 1,215,600	\$ 64,891,300	\$ 32,081,000	\$ 4,479,600	\$ 4,630,100	\$ 107,297,600	\$ 405,263	\$ 107,702,863	\$ 1.694	\$ 113,602,541
2019	1,328,500	64,634,300	32,605,600	4,489,900	4,165,700	107,224,000	405,263	107,629,263	1.647	117,338,586
2018	1,289,000	65,098,500	31,826,300	4,561,700	4,291,400	107,066,900	440,610	107,507,510	1.694	118,279,828
2017	1,428,400	64,871,200	32,077,800	4,373,700	3,850,100	106,601,200	442,943	107,044,143	1.559	106,134,209
2016	1,251,700	64,025,500	32,998,600	4,396,700	3,850,100	106,522,600	444,192	106,966,792	1.559	102,811,119
2015	1,389,600	64,176,800	32,264,900	4,412,700	3,850,100	106,094,100	419,884	106,513,984	1.595	105,692,469 R
2014	1,119,400	47,383,300	26,179,900	3,413,400	2,734,900	80,830,900	215,848	81,046,748	1.603	114,345,593
2013	996,700	47,099,200	26,219,400	3,435,700	2,902,500	80,653,500	281,783	80,935,283	2.023	119,904,123
2012	1,091,300	47,050,600	26,309,400	3,440,200	2,886,000	80,777,500	338,097	81,115,597	1.969	112,224,124
2011	1,230,300	47,044,200	26,049,000	3,471,300	3,137,300	80,932,100	332,500	81,264,600	1.813	119,487,463

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

R Revaluation

STOW CREEK TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)
(UNAUDITED)

Year Ended June 30,	Stow Creek Township and Regional Boards of Education			Overlapping Rates		
	Basic Rate ^a	General Obligation Debt Service ^b	Total District	Stow Creek Township	Cumberland County	Total
2020	\$ 1.694	\$ 0.000	\$ 1.694	\$ 0.210	\$ 1.322	\$ 3.226
2019	1.647	0.000	1.647	0.209	1.320	3.176
2018	1.694	0.000	1.694	0.208	1.308	3.210
2017	1.559	0.000	1.559	0.179	1.164	2.902
2016	1.595	0.000	1.595	0.178	1.089	2.862
2015	1.603	0.000	1.603	0.179	1.111	2.893
2014	2.023	0.000	2.023	0.233	1.484	3.740
2013	1.969	0.000	1.969	0.224	1.467	3.660
2012	1.813	0.000	1.813	0.218	1.324	3.355
2011	1.826	0.000	1.826	0.211	1.411	3.448

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 pre-budget year net budget by more than the spending growth limitation calculation

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and th Net Valuation Taxable.

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer #1	\$ 813,000	0.75%	\$ 668,400	0.85%
Taxpayer #2	747,600	0.69%	526,100	0.67%
Taxpayer #3	655,500	0.61%	486,800	0.62%
Taxpayer #4	557,800	0.52%	477,000	0.61%
Taxpayer #5	555,700	0.52%	469,300	0.60%
Taxpayer #6	503,400	0.47%	422,000	0.54%
Taxpayer #7	461,900	0.43%	381,600	0.49%
Barretts Run LLC	441,300	0.41%		
Taxpayer #8	434,700	0.40%	377,800	0.48%
Taxpayer #9	430,100	0.40%	360,100	0.46%
NJ Bell Telephone			455,459	0.58%
Total	\$ 5,601,000	5.20%	\$ 4,624,559	5.90%

Source: District CAFR & Municipal Tax Assessor

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2020	\$ 1,158,624	\$ 1,158,624	100%	\$
2019	1,100,575	1,100,575	100%	
2018	1,078,995	869,467	81%	209,528
2017	1,044,065	1,044,065	100%	
2016	1,030,397	1,030,397	100%	
2015	1,019,220	1,019,220	100%	
2014	956,810	956,810	100%	
2013	892,135	892,135	100%	
2012	880,526	880,526	100%	
2011	880,526	880,526	100%	

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, the amount voted upon or certified prior to the end of the school year.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

N/A

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	
	General Obligation Bonds ^p	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Per Capita ^a			
2020	\$	\$	\$	\$	\$		\$	
2019								
2018								
2017								
2016								
2015								
2014								
2013								
2012								
2011								

Note: This statement is not applicable the district does not have any debt in any of the years reported herein.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

N/A

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		
2020	\$	\$	\$		\$
2019					
2018					
2017					
2016					
2015					
2014					
2013					
2012					
2011					

Note: This statement is not applicable the district does not have any debt in any of the years reported herein.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2019
(UNAUDITED)

<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			
Township of Stow Creek	\$ 110,000	100%	\$ 110,000
Other debt			
County of Cumberland - Township's share	97,136,507	1.321%	1,283,551
Cumberland Regional School Debt	5,350,000	6.928%	370,627
Subtotal, Overlapping Debt			<u>1,764,178</u>
Stow Creek Township School District Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u>\$ 1,764,178</u>

Sources: Stow Creek Township Finance Officer and Cumberland County Finance Office

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 Stow Creek. 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.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized Valuation Basis	
	2019	\$ 113,524,616
	2018	117,166,667
	2017	117,765,356
		<u> </u>
	[A]	\$ 348,456,639
		<u> </u>
Average Equalized Valuation of Taxable Property	[A/3]	\$ 116,152,213
		<u> </u>
Debt Limit (3% of Average Equalization Value)	[B]	3,484,566 a
Net Bonded School Debt	[C]	-
		<u> </u>
Legal Debt Margin	[B-C]	\$ 3,484,566
		<u> </u>

Fiscal Year Ending,

	<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	\$	3,671,806	\$	3,540,195	\$	2,316,406	\$	3,457,353	\$	2,192,474	\$	3,216,449	\$	3,136,062	\$	3,262,189		3,409,880	\$	3,484,566
Total Net Debt Applicable to Limit		-		-		-		-		-		-		-		-		-		-
Legal Debt Margin	\$	<u>3,671,806</u>	\$	<u>3,540,195</u>	\$	<u>2,316,406</u>	\$	<u>3,457,353</u>	\$	<u>2,192,474</u>	\$	<u>3,216,449</u>	\$	<u>3,136,062</u>	\$	<u>3,262,189</u>		<u>3,409,880</u>	\$	<u>3,484,566</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		-		-		-		-		-		-		-		-		-		-

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; othe

STOW CREEK TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population ⁽¹⁾</u>	<u>Personal Income (thousands of dollars) ⁽²⁾</u>	<u>Per Capita Personal Income ⁽³⁾</u>	<u>Unemployment Rate ⁽⁴⁾</u>
2020 *	1,356	\$ 50,159,846	\$ 36,983	3.17%
2019	1,370	51,559,605	36,946	3.20%
2018	1,383	51,525,229	36,909	4.70%
2017	1,393	50,904,399	36,543	5.60%
2016	1,408	50,942,717	36,181	6.70%
2015	1,418	50,796,560	35,823	7.50%
2014	1,425	50,541,900	35,468	10.30%
2013	1,432	49,097,552	34,286	9.90%
2012	1,437	49,102,290	34,170	7.30%
2011	1,445	49,508,590	34,262	9.40%

* Estimate

Source:

- ¹ Population information provided by the NJ Dept of Labor and Workforce Development
- ² Personal income
- ³ Per Capita
- ⁴ Unemployment data provided by the NJ Dept of Labor and Workforce Development

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Employer*</u>	<u>2020</u>		<u>2011</u>	
	<u>Employees*</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Inspira Health Network	3,715	1.83%	N/A	N/A
Durand Glass Manufacturing Co.	1,100	1.43%	N/A	N/A
Shop-Rite	858	1.32%	N/A	N/A
Wal-Mart	794	1.22%	N/A	N/A
F&S Produce/Pipco Transportation	731	1.16%	N/A	N/A
Agro Merchants Group	700	1.08%	N/A	N/A
Sheppard Bus Service	650	1.02%	N/A	N/A
Elwyn New Jersey	615	0.89%	N/A	N/A
Omni Baking	532	0.87%	N/A	N/A
Seabrook Brothers & Sons	525	0.00%	N/A	N/A
	<u>10,220</u>	<u>10.82%</u>	<u>N/A</u>	<u>N/A</u>

*Cumberland County

Source: Cumberland County

N/A 2010 Information not available at time of audit.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

<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	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7
Special education	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other special Education										
Vocational										
Other Instruction	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student & Instruction Related Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General Administrative Services										
School Administrative Services	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Other Administrative Services										
Central Services										
Administrative Information Technology										
Plant Operations and Maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Pupil Transportation	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Other Support Services										
Contracted Service - Speech	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Special Schools										
Food Service - Contracted										
Totals	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1

Source: District Personnel Records

STOW CREEK TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2011	133	1,942,328	14,604	1.94%	12.0	14.7 to 1	133.0	126.0	-0.075%	94.74%
2012	117	1,832,461	15,662	7.25%	11.7	13.0 to 1	117.0	112.0	-12.03%	95.73%
2013	117	1,915,751	16,374	4.55%	11.7	13.0 to 1	117.2	112.8	0.17%	96.25%
2014	116	1,963,745	16,929	3.39%	11.7	12.0 to 1	115.9	111.5	-1.11%	96.20%
2015	112	2,060,078	18,394	8.65%	11.7	12.4 to 1	111.8	107.5	-3.54%	96.15%
2016	112	2,036,751	18,185	-1.13%	11.7	12.4 to 1	111.7	107.3	-0.09%	96.06%
2017	117	2,055,657	17,570	-3.38%	11.7	12.4 to 1	117.5	112.3	5.19%	95.57%
2018	110	2,310,934	21,008	19.57%	11.7	9.4 to 1	110.2	108.0	-6.21%	98.00%
2019	116	2,496,495	21,522	2.44%	11.7	12.4 to 1	111.0	106.8	0.73%	96.22%
2020	113	2,564,954	22,699	8.05%	11.7	9.7 to 1	126.9	123.3	15.15%	97.16%

Sources: District records, ASSA

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).

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	<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>										
Stow Creek Township School (19..)										
Square Feet	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461
Capacity (Students)	191	191	191	191	191	191	191	191	191	191
Enrollment	133	117	117	116	112	112	117	110	116	113

Number of Schools at June 30, 2020
Elementary = 1

Source: District records, ASSA

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

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

<u>School Facilities</u>	<u>Project #</u>	<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>
Stow Creek Township School		\$ 31,385	\$ 31,548	\$ 14,172	\$ 43,939	\$ 30,206	\$ 33,835	\$ 50,917	\$ 8,525	\$ 9,425	\$ 18,698
Total School Facilities		<u>31,385</u>	<u>31,548</u>	<u>14,172</u>	<u>43,939</u>	<u>30,206</u>	<u>33,835</u>	<u>50,917</u>	<u>8,525</u>	<u>9,425</u>	<u>18,698</u>
Other Facilities											
Grand Total		<u>\$ 31,385</u>	<u>\$ 31,548</u>	<u>\$ 14,172</u>	<u>\$ 43,939</u>	<u>\$ 30,206</u>	<u>\$ 33,835</u>	<u>\$ 50,917</u>	<u>\$ 8,525</u>	<u>\$ 9,425</u>	<u>\$ 18,698</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
New Jersey School Boards Association Insurance Group	School Package Policy		
	Blanket Real and Personal Property	\$ 3,133,770	\$ 1,000
	Extra Expense	50,000,000	1,000
	Valuable Papers & Records	10,000,000	1,000
	Flood	10,000,000	500,000
	Earthquake	50,000,000	
	Demolition and Increased Cost of Construction	1,000,000	
	Electronic Data Processing	150,000	1,000
	Boiler & Machinery	100,000,000	5,000
	Commercial General Liability:		
	Aggregate	17,000,000	1,000
	Commercial Automobile Liability	16,000,000	1,000
	Professional Liability Errors & Omissic	6,000,000	5,000
	Professional Liability	100,000/300,000	5,000
	Public Employee Dishonesty - Per Loss & Faithful Performance	25,000	500
	Money and Securities	5,000	500
	Loss of Income	10,000	
	Workers Compensation		
	Each Accident	2,000,000	
	Disease per Employee	2,000,000	
	Disease Policy Limit	2,000,000	
Markel Insurance Company	Student Accident Coverage		
	Accidental Death Principal Sum	10,000	
	Medical Expense	1,000,000	
	Accidental Dismemberment	50,000	
	Accident Medical Expense Benefit	1,000,000	
American International Company - AIG	Student Accident Coverage		
	Catastrophic Cash Benefit	1,000,000	
C.N.A Surety Surety Bonds	Treasurer of School Monies	130,000	
	Board Secretary/Business Administrat	2,000	

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
County of Cumberland, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education of the Stow Creek Township School District's basic financial statements, and have issued our report thereon dated December 21, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stow Creek Township Board of Education'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

This report is intended solely for the information and use of management, the Stow Creek Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
December 21, 2020

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
County of Cumberland, New Jersey

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Stow Creek Township Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and as prescribed by the *Office of School Finance, Department of Education, State of New Jersey, and New Jersey Treasury Circular OMB 15-08*. Those standards, *Uniform Guidance and New Jersey OMB 15-08*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred.

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the Stow Creek Township School District's 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 Stow Creek Township Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Treasury 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 Stow Creek 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 federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 considered to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated December 21, 2020. However, material weaknesses may exist that have not been identified.

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

This report is intended solely for the information and use of the management, the Stow Creek Township Board of Education, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,
NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
December 21, 2020

**TOWNSHIP OF STOW CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grant Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2019		Cash Received	Budgetary Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Adjustment	Balance at June 30, 2020								
							Accounts Receivable	Unearned Revenue						Accounts Receivable	Unearned Revenue	Due to Grantor						
U.S. Department of Education																						
Passed-through State Department of Education:																						
Special Revenue Fund:																						
E.S.E.A.																						
Title I, Part A	84.010	S010A190030	ESEA 5070-20	\$ 31,703	7/1/19	9/30/20	\$	\$	\$ 18,305	\$ (31,703)	\$	\$ (31,703)	\$	\$ (13,398)	\$							
Title I, Part A	84.010	S010A180030	ESEA 5070-19	29,090	7/1/18	6/30/19	(9,844)		9,844													
Title II, A	84.367A	S367A190029	ESEA 5070-20	5,583	7/1/19	9/30/20			1,970	(1,970)												
Title II, A	84.367A	S367A180029	ESEA 5070-19	8,551	7/1/18	6/30/19	(8,551)		8,551													
Title IV, A	84.424	S424A190031	ESEA 5070-18	10,000	7/1/19	9/30/20				(10,000)		(10,000)		(10,000)								
Title IV, A	84.424	S424A180031	ESEA 5070-19	16,083	7/1/18	6/30/19	(12,588)		12,588													
IDEA Cluster:																						
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	IDEA507020	44,094	7/1/19	9/30/20			44,094	(44,094)		(44,094)										
I.D.E.A. Part B, Basic Regular	84.027	H027A180100	IDEA507019	43,866	7/1/18	6/30/19	(3,866)		3,866													
I.D.E.A. Part B, Pre-School	84.173	H173A190114	IDEA507020	889	7/1/19	9/30/20			889	(889)		(889)										
I.D.E.A. Part B, Pre-School	84.173	H173A180114	IDEA507019	866	7/1/18	6/30/19			866				(866)									
Rural Education	84.358A	S358A194551	S358A194551	11,225	7/1/19	9/30/20			9,476	(11,225)		(11,225)		(1,749)								
Rural Education	84.358A	S358A182736	S358A182736	18,939	7/1/18	6/30/19																
Rural Education	84.358A	S358A093997	S358A093997	21,244	9/1/09	8/31/10		40,429					(40,429)									
Rural Education	84.358A	S358A103997	S358A103997	21,291	9/1/10	8/31/11		3,467					(3,467)									
Rural Education	84.358A	S358A113997	S358A113997	19,205	7/1/11	9/30/12		9,554					(9,554)									
Rural Education	84.358A	S358A163997	S358A163997	16,656	7/1/16	6/30/17		6,917					(6,917)									
CARES ACT 2020/ESSER	84.425D	S425D200027	CARES-5070-20	25,361	3/13/20	9/30/22																
Total Special Revenue Fund							(34,849)	65,293	110,449	(99,881)		(99,881)	(66,159)	(25,147)								
U.S. Department of Agriculture																						
Passed-through State Department of Education:																						
Enterprise Fund:																						
Non-Cash Assistance:																						
Food Distribution Program	10.565	Unknown	NA	2,623	7/1/19	6/30/20			2,623	(2,623)		(2,623)										
Food Distribution Program	10.565	Unknown	NA	4,173	7/1/18	6/30/19		677		(677)		(677)										
Child Nutrition Cluster:																						
Cash Assistance:																						
National School Breakfast Program	10.553	201NJ304N1099	NA	1,475	7/1/19	6/30/20			1,475	(1,475)		(1,475)										
National School Breakfast Program	10.553	191NJ304N1099	NA	1,253	7/1/18	6/30/19	(709)		653					(56)								
National School Lunch Program	10.555	201NJ304N1099	NA	9,548	7/1/19	6/30/20			9,548	(9,548)		(9,548)										
National School Lunch Program	10.555	191NJ304N1099	NA	14,205	7/1/18	6/30/19	(9,824)		8,541					(1,283)								
Total Enterprise Fund							(10,533)	677	22,840	(14,323)		(14,323)		(1,339)								
Total Federal Financial Awards							\$ (45,382)	\$ 65,970	\$ 133,289	\$ (114,204)	\$	\$ (114,204)	\$ (66,159)	\$ (26,486)	\$ -	\$						

**TOWNSHIP OF STOW CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019				Repaymt. of Prior Year Balances	Adjustment	Balances at June 30, 2020			MEMO					
			From	To	(Accounts Receivable)/ Unearned Rev	Due to Grantor	Cash Received	Budgetary Expenditures			(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures				
State Department of Education																			
General Fund:																			
Equalization Aid	20-495-034-5120-078	\$566,534	7/1/19	6/30/20	\$		\$	513,362	\$			\$	(53,172)	\$	* \$	(53,172)	\$	566,534	
Equalization Aid	19-495-034-5120-078	566,534	7/1/18	6/30/19		(54,388)		54,388											
Transportation Aid	20-495-034-5120-014	55,120	7/1/19	6/30/20				49,947					(5,173)		*	(5,173)		55,120	
Transportation Aid	19-495-034-5120-014	55,120	7/1/18	6/30/19		(5,292)		5,292											
Special Education Categorical Aid	20-495-034-5120-089	88,149	7/1/19	6/30/20				79,876					(8,273)		*	(8,273)		88,149	
Special Education Categorical Aid	19-495-034-5120-089	88,149	7/1/18	6/30/19		(8,462)		8,462											
Security Aid	20-495-034-5120-084	17,125	7/1/19	6/30/20				15,518					(1,607)		*	(1,607)		17,125	
Security Aid	19-495-034-5120-084	17,125	7/1/18	6/30/19		(1,644)		1,644											
Adjustment Aid	20-495-034-5120-085	36,606	7/1/19	6/30/20				33,170					(3,436)		*	(3,436)		36,606	
Adjustment Aid	19-495-034-5120-085	73,536	7/1/18	6/30/19		(7,059)		7,059											
Additional Non Public School Trans Costs	20-495-034-5120-014	290	7/1/19	6/30/20				(290)					(290)		*			290	
Reimbursed TPAF Social Security Contrib	20-495-034-5094-003	62,443	7/1/19	6/30/20				53,391					(62,443)		*			62,443	
On-Behalf TPAF Pension Contribution	19-495-034-5094-002	193,340	7/1/19	6/30/20				193,340					(193,340)		*			193,340	
On-Behalf TPAF Post Retirement Medical	19-495-034-5094-001	71,726	7/1/19	6/30/20				71,726					(71,726)		*			71,726	
On-Behalf TPAF Long-Term Disability Mec	19-495-034-5094-004	38	7/1/19	6/30/20				38					(38)		*			38	
Total General Fund						(76,845)		1,087,213					(81,003)					1,091,371	
Special Revenue Fund:																			
Preschool Education Expansion Aid	20-495-034-5120-086	176,232	7/1/19	6/30/20				158,609					(17,623)		*	(17,623)		176,232	
Preschool Education Expansion Aid	19-495-034-5120-086	86,597	7/1/18	6/30/19		(8,660)		8,660											
N.J. Nonpublic Aid:																			
Nursing Aid	20-100-034-5120-070	10,185	7/1/19	6/30/20				10,185							*			10,185	
N.J. Nonpublic Textbook Aid	20-100-034-5120-064	5,535	7/1/19	6/30/20				5,535							*			5,535	
N.J. Nonpublic Textbook Aid	19-100-034-5120-064	6,034	7/1/18	6/30/19			942			(942)	25					25			
Nonpublic Tech	20-100-034-5120-373	3,780	7/1/19	6/30/20				3,780							*	617			
Nonpublic Tech	19-100-034-5120-373	4,068	7/1/18	6/30/19			81			(81)					*				
Nonpublic Security	20-100-034-5120-509	12,857	7/1/19	6/30/20				15,750							*	2,893		3,163	
Nonpublic Security	19-100-034-5120-509	16,950	7/1/18	6/30/19			9,505			(9,505)					*			12,857	
Total Special Revenue Fund						(8,660)	10,528	202,519					(17,623)			3,535		(17,623)	207,972
State Department of Agriculture																			
Enterprise Fund:																			
State School Lunch Program	20-100-010-3350-023	372	7/1/19	6/30/20				272					(100)						
State School Lunch Program	19-100-010-3350-023	417	7/1/18	6/30/19		(289)		252					(37)		*			372	
Total Enterprise Fund						(289)		524					(137)					372	
Total State Financial Assistance						\$ (85,794)	\$ 10,528	\$ 1,290,256	\$ (1,299,715)	\$ (10,528)	\$ 25	\$ (98,763)	\$	\$ 3,535	\$	(89,284)	\$	1,299,715	
Less: On-Behalf TPAF Pension System Contributions																			
On-Behalf TPAF Pension Contribution	19-495-034-5094-002	193,340	7/1/19	6/30/20				\$ 193,340					(193,340)						
On-Behalf TPAF Post Retirement Medical	19-495-034-5094-001	71,726	7/1/19	6/30/20				71,726					(71,726)						
On-Behalf TPAF Long-Term Disability Mec	19-495-034-5094-004	38	7/1/19	6/30/20				38					(38)						
Total State Financial Assistance - Major Program Determination								\$ 1,025,152					\$ (1,034,611)						

See accompanying notes to schedules of financial assistance

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2020

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Stow Creek Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and 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. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey Treasury Circular OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A., 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the 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, where applicable, also recognizes the one or more state aid June payments 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 \$5,183 for the general fund and (\$23,245) for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2020
(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 1,096,554	\$ 1,096,554
Special Revenue Fund	80,606	195,952	276,558
Food Service Fund	<u>13,646</u>	<u>372</u>	<u>14,018</u>
 Total Financial Assistance	 \$ 94,252	 \$ 1,292,878	 \$ 1,387,130

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Stow Creek School District had no federal or state loan balances outstanding at June 30, 2020.

NOTE 6: 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, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

NOTE 7: MAJOR PROGRAM

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

NOTE 8: SCHOOL-WIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 9: ADJUSTMENT

There were six adjustments on Schedule A, Exhibit K-3 in the total amount of \$66,159 regarding prior year receivables. There was one immaterial adjustment on Schedule B, Exhibit K-4 in the amount of \$25 regarding a prior year receivable.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X no

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards **N/A**

Internal control over major programs:

1) Material weakness (es) identified? _____ yes _____ no

2) Significant deficiencies identified? _____ Yes _____ none reported

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 section .516(a)? _____ yes _____ no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
----------------	----------------	------------------------------------

N/A

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

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)

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

State Awards

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

Auditee qualified as low-risk auditee? _____ yes X no

Internal control over major programs:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Treasury Circular Letter 15-08 _____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
20-495-034-5120-078	Equalization Aid
20-495-034-5120-089	Special Education Categorical Aid
20-495-034-5120-084	Security Aid
20-495-034-5120-085	Adjustment Aid

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Treasury Circular 15-08 audit.

Finding: N/A

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)

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

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

FEDERAL AWARDS N/A

- Finding:**
- Information on the federal program:**
- Criteria or specific requirement:**
- Condition:**
- Questioned Costs:**
- Context:**
- Effect:**
- Cause:**
- Recommendation:**
- Views of responsible officials and planned corrective actions:**

STATE AWARDS - N/A

- Finding:**
- Information on the state program:**
- Criteria or specific requirement:**
- Condition:**
- Questioned Costs:**
- Context:**
- Effect:**
- Cause:**
- Recommendation:**
- Management's response:**

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

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Treasury Circular 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2019-3

Condition: The various Bank accounts were not properly reconciled to the year-end General Ledger, based on the computerized closeout reports, as of June 30, 2019.

Current Status: Resolved

Finding: 2019-4

Condition: The closeout process was not performed on a timely basis and numerous adjustments were required to be presented as part of the audit.

Current Status: Resolved