

**UPPER PITTSBORO TOWNSHIP  
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Upper Pittsboro Township Board of Education**

**Salem, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**Upper Pittsgrove Township Board of Education**

**Monroeville, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

**Upper Pittsgrove Township Board of Education**

**Finance Department**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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## **INTRODUCTORY SECTION**



# **Upper Pittsgrove School District**

235 Pine Tavern Road · Monroeville · New Jersey · 08343

Phone: (856) 358-8116 · Fax: (856) 358-1024

December 18, 2020

Honorable President and  
Members of the Board of Education  
Upper Pittsgrove Township School District  
Salem County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Upper Pittsgrove Township School District (District) for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, the financial position and results of operations of the various funds 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:**

Upper Pittsgrove Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds of the District are included in this report. The Upper Pittsgrove Township Board of Education and its one school constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through Grade 8. These include regular, as well as special education for handicapped students. The District completed the 2019-2020 fiscal year with an enrollment of 445 including 113 high school students, which is one (1) less student than the previous year's enrollment and includes 332 Pre-K through Grade 8 students. The following charts the enrollment of the district over the last ten years:

**Enrollment**

<u>Fiscal Year</u>	<u>Student Enrollment *</u>	<u>Percent Change</u>
2019-20	445	(0.22%)
2018-19	446	(1.54%)
2017-18	453	(2.58%)
2016-17	465	(5.87%)
2015-16	494	(3.33%)
2014-15	511	(4.66%)
2013-14	536	(3.77%)
2012-13	557	(2.45%)
2011-12	571	(5.62%)
2010-11	605	5.22%

\* Includes High School Students

**2. ECONOMIC CONDITION AND OUTLOOK:**

Business remains minimal in Upper Pittsgrove Township. It is unlikely that an influx of industry will occur in this predominantly rural agriculture community.

**3. MAJOR INITIATIVES:**

The Upper Pittsgrove School District continues to build an environment of achievement and success by maintaining and enriching the programmatic services of a comprehensive middle and elementary school for our students. While celebrating our rich history and farming heritage, we continue to seek new opportunities to reach our 21st century learners through a variety of wide-ranging professional development programs and a variety of learning opportunities for students throughout all ability ranges. The following is a sample of current district initiatives;

- Completed a One to One Chromebook initiative
- Provided hotspots for virtual learning to students without internet access
- Increased the number of mental health services provided to students
- Implemented new social studies curricular materials
- Provided both in-person and full virtual classes for all students
- Continued to provide a safe and healthy environment for all staff and students
- Continue use of i-Ready in both LAL and Math
- Investigate shared service opportunities for business services
- Pass a bond referendum to replace the roof
- Audit the district policy manual with the board policy committee

#### **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 reappropriations 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. 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.

**8. 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.

**9. 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.

**10. ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Upper Pittsgrove 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,

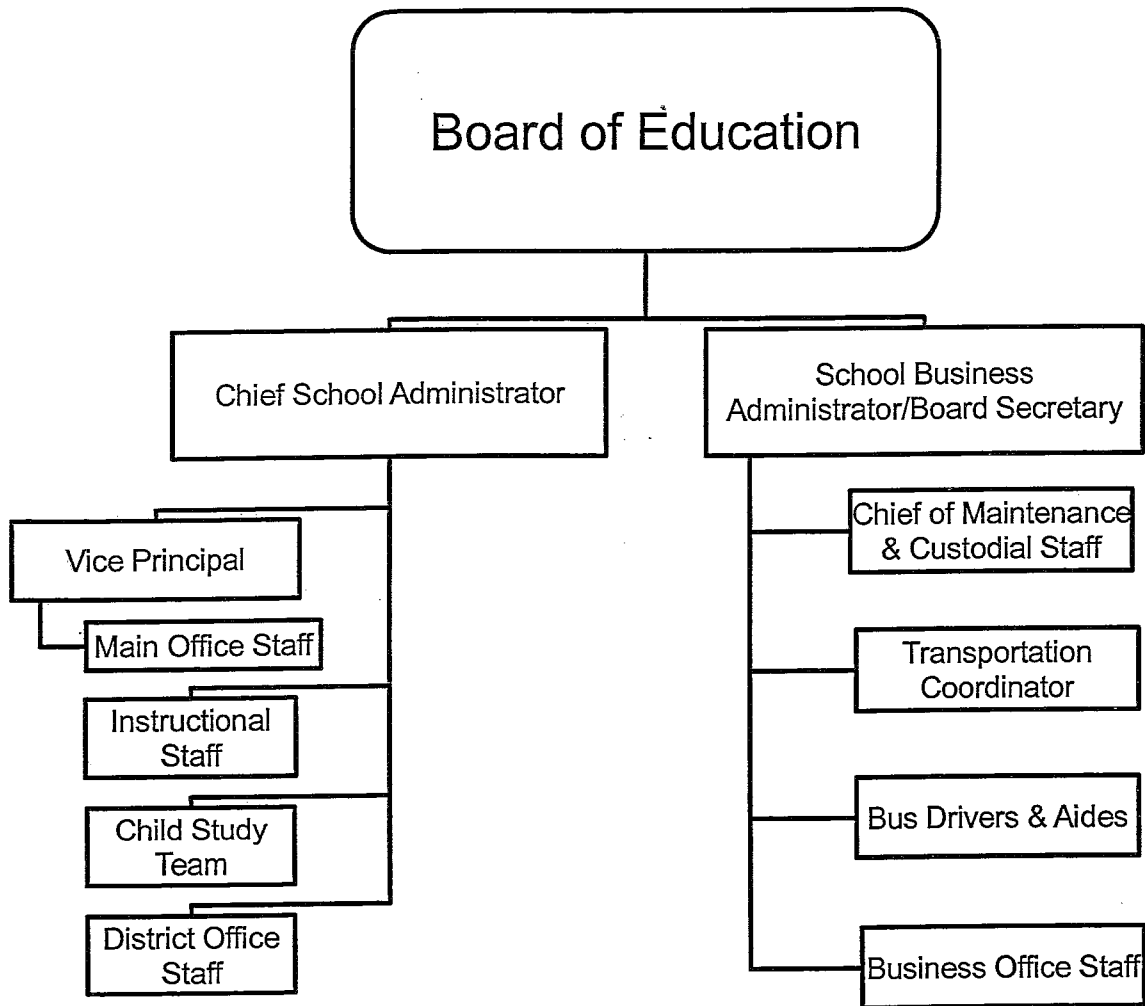
*Scott Eckstein*

Scott Eckstein  
Superintendent

*Lisa M. DiNovi*

Lisa M. DiNovi  
Business Administrator/Board Secretary

# Upper Pittsgrove Board of Education Organizational Chart 2019-2020



**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**COUNTY OF SALEM**  
**MONROEVILLE, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2020**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Polly B. Deal, President	2021
Jessica Bishop, Vice President	2022
Dan Bellisario	2020
John Gallagher	2022
Ryan Caltabiano	2021
Michael Kinney	2020
James Parks	2020
Laura DiSilvestro	2021
John Basile	2022
<u>OTHER OFFICIALS</u>	
Scott Eckstein, Superintendent	
Lisa M. DiNovi, Business Administrator / Board Secretary	\$35,000
Georgiana Scharnagl, Treasurer of School Monies	\$172,000

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF SALEM**  
**MONROEVILLE, NJ**

**CONSULTANTS AND ADVISORS**

**ATTORNEY**

**Mr. Paul Kalac, Esquire**  
**Weiner Law Group, LLP,**  
P.O. Box 438  
Parsippany, New Jersey 07054

**AUDIT FIRM**

**Raymond Colavita, CPA, PSA, RMA**  
**Nightlinger, Colavita and Volpa, P. A.**  
Certified Public Accountants  
991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

**OFFICIAL DEPOSITORY**

**First National Bank of Elmer**  
10 South Main St  
Elmer, New Jersey 08318

**INSURANCE AGENCY**

**Conner Strong & Buckelew**  
40 Lake Center Executive Park  
401 Route 73 North, Suite 300  
PO Box 989  
Marlton, New Jersey 08053

**FINANCIAL SECTION**



# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

(856) 629-3111  
Fax (856) 728-2245  
[www.colavita.net](http://www.colavita.net)

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Upper Pittsgrove Township School District  
County of Salem, New Jersey 08343

### **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 Upper Pittsgrove Township School District in the County of Salem, 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 Upper Pittsgrove 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 Upper Pittsgrove Township Board of Education in the County of Salem, 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 Upper Pittsgrove 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 18, 2020 on our consideration of the Upper Pittsgrove 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 Upper Pittsgrove 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 Upper Pittsgrove 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 18, 2020

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**Upper Pittsgrove Township School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(UNAUDITED)**

This section of the Upper Pittsgrove Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended 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:

- Total Net Position increased by \$335,812 attributable to various operating results and adjustments.

- General revenues accounted for \$8,117,586 in revenue or 86% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,284,441 or 14% percent of the total revenues of \$9,402,027. This excludes fixed asset adjustments and the transfer to a Charter school.
- Net Position of governmental activities increased by \$355,192, comprised of changes in various assets and liabilities. The net position of the Business-type Activities decreased by \$19,380.
- The School District had \$8,884,461 in total expenses, of which \$1,284,441 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$8,117,586 were adequate to provide for these programs.
- The General Fund had \$8,809,928 in revenues, \$8,076,125 in expenditures, a transfer to the enterprise fund of \$4,273 and a transfer to a charter school of \$73,735. The General Fund's balance increased by \$655,795 over 2019. This increase was anticipated by the Board of Education and \$219,452 in surplus was utilized to offset the 2019-20 budget.

### **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 changes in that position. 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 School Age Childcare enterprise funds are reported as 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 23. 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

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,547,856	\$ 897,546
Capital Assets, Net	2,676,090	2,985,677
Total Assets	<u>4,223,946</u>	<u>3,883,223</u>
<b>Deferred Outflows of Resources</b>	<u>363,708</u>	<u>339,579</u>
<b>Liabilities</b>		
Long-term Liabilities	1,398,535	1,330,314
Other Liabilities	53,669	47,226
Total Liabilities	<u>1,452,204</u>	<u>1,377,540</u>
<b>Deferred Inflow of Resources</b>	<u>714,710</u>	<u>760,334</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	2,676,090	2,985,677
Restricted	1,289,781	809,730
Unrestricted (Deficit)	(1,545,131)	(1,710,479)
Total Net Position	<u>\$ 2,420,740</u>	<u>\$ 2,084,928</u>

Table 2 shows the changes in net position from fiscal years 2020 and 2019.



Table 2  
Changes in Net Position

	2020	2019
<b>Revenues</b>		
Programs Revenues		
Charges for Services	\$ 65,640	\$ 101,242
Operating Grants and Contributions	1,218,801	1,153,708
General Revenues		
Property Taxes	4,376,989	4,218,366
Federal and State Aid-Not Restricted	3,572,843	4,224,270
Other	167,754	271,619
<b>Total Revenues</b>	<b>9,402,027</b>	<b>9,969,205</b>
<b>Program Expenses</b>		
Instruction	2,477,904	2,637,846
Tuition	2,026,618	2,460,115
Administrative Services	416,011	447,045
Other Support Services	1,480,017	1,683,103
Health Benefits	2,114,100	2,518,441
Interest on Long-Term Debt	9,474	9,474
Other	230,092	272,461
Enterprise	130,245	158,410
<b>Total Expenses</b>	<b>8,884,461</b>	<b>10,186,895</b>
<b>Excess of Revenues over Expenditures</b>	<b>517,566</b>	<b>(217,690)</b>
Transfer to Charter Schools	(73,735)	
Fixed Asset Adjustment	(108,019)	
<b>Increase in Net Position</b>	<b>\$ 335,812</b>	<b>\$ (217,690)</b>

### 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 53.9% percent of these revenues for governmental activities. Unrestricted federal, state and local grants accounted for another 44.0% and miscellaneous revenues accounted for the remaining 2.1%. The total cost of services, as shown below, was \$8,884,461. The net cost of all governmental programs and services, which excludes charges for services, operating grants and the enterprise fund was \$7,587,164. Instruction comprises 31% of these 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	\$ 2,477,904	\$ 2,353,102	\$ 2,637,846	\$ 2,524,379
Tuition	2,026,618	2,026,618	2,460,115	2,460,115
Pupil and Instructional Staff	531,411	436,037	756,423	653,287
General Administration, School Administration, Business	416,011	416,011	447,045	447,045
Operation and Maintenance of Facilities	432,192	432,192	417,974	417,974
Pupil Transportation	516,414	516,414	508,706	508,706
Employee Benefits	2,114,100	1,167,224	2,518,441	1,635,401
Enterprise Fund	130,245	12,856	158,410	3,103
Interest	9,474	9,474	9,474	9,474
Other	230,092	230,092	272,461	272,461
<b>Total Expenses</b>	<b>\$ 8,884,461</b>	<b>\$ 7,600,020</b>	<b>\$ 10,186,895</b>	<b>\$ 8,931,945</b>

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.

Extracurricular 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.

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

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

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

## Business-Type Activities

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

- Food Service expenses exceeded revenues by \$5,071 and the School Care Program revenues exceeded the expenses by \$7,785. In addition, there was a Fixed Asset Adjustment of \$10,812 and a transfer from the General Fund in the amount of \$4,273.
- Charges for services represent \$65,640 of revenue as compared to \$101,242 in 2019. This represents amount paid by patrons for daily food services activities of \$46,967 and school care revenue of \$18,673. There was also \$15 in other non-operating revenue from interest income.
- Federal and State reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$51,749 as compared to \$54,065 in 2019.

## 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, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$9,058,319, expenditures of \$8,324,516. The net change in fund balance for the year was \$655,795. The District was able to meet current operating costs, through the use of surplus.

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 (including the capital projects fund) for the fiscal year ended June 30, 2020, 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	\$ 4,544,728	50.17%	\$ 54,763	1.22%
State Sources	4,281,700	47.27%	(148,859)	-3.36%
Federal Sources	231,891	2.56%	9,313	4.18%
Total	<u>\$ 9,058,319</u>	<u>100.00%</u>	<u>\$ (84,783)</u>	<u>-0.93%</u>

The increase in Local sources is attributed to an increase in the governmental fund local tax levy of \$158,623 and in other revenue of \$41,235, offset by a decrease in tuition revenue of \$95,933 and transportation fees of \$49,162,

The decrease in State sources is attributed to various state aid allotments totaling \$148,859.

The increase in Federal sources of \$9,313 is due to various 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, special revenue fund, Capital Project fund and debt service 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	\$ 2,353,102	28.26%	\$ (171,277)	-6.78%
Tuition	2,026,618	24.35%	(433,497)	-17.62%
Support Services	3,665,762	44.04%	(286,061)	-7.24%
Capital Outlay	30,643	0.37%	(113,728)	-78.77%
Special Revenues	248,391	2.98%	9,313	3.90%
Total	<u>\$ 8,324,516</u>	<u>100.00%</u>	<u>\$ (995,250)</u>	<u>-10.68%</u>

The increase in instructional expenditures is attributed to net increases in various salaries and other instructional expenses for regular, special and other programs.

The decrease of \$286,061 in undistributed support services was due to decreases in employee benefits of \$59,703, administrative services of \$31,034 and student related costs of \$217,250, offset by decreases in transportation costs of \$7,708 and \$14,218 in plant operation and maintenance.

The decrease in capital outlay is attributed to the reduction in construction costs, along with other equipment expenditures, as compared to last year.

The decrease in special revenues is due to net decreases in awards from the federal government.

There were no debt service costs in fiscal years 2018/19 or 2019/20.

### **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 general fund budget anticipated that revenues, including \$219,452 in surplus appropriated, would roughly equal expenditures, the actual results for the year show an increase of \$655,291.

- Actual revenues were \$98,028 more than expected due to the increased state aid of \$54,539 and miscellaneous income of \$43,489, excluding on-behalf pension and social security reimbursements of \$922,656.
- Actual expenditures were \$782,180 less than expected. This also excludes state on-behalf pension and social security reimbursements of \$922,656.

### Capital Assets

At the end of the fiscal year 2020, the Governmental Funds of the School District had \$2,665,040 and the Enterprise Fund had \$11,050 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2020.

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

	<u>2020</u>
Land	\$ 781,429
Facility and Improvements	7,116,254
Transportation	728,163
Machinery and Equipment	716,247
Accumulated Depreciation	<u>(6,666,003)</u>
Totals	<u>\$ 2,676,090</u>

Overall capital assets decreased by \$309,587 from fiscal year 2019 to fiscal year 2020. There were acquisitions of \$29,484. This was offset by depreciation expense of \$231,052 and fixed asset adjustments of \$108,019 for the year.

### Long-Term Debt

At June 30, 2020, the School District had \$1,398,535 in outstanding debt, representing \$170,610 of compensated absences and \$1,227,925 of net pension liability.

At June 30, 2020, the School District's overall legal debt margin was \$9,542,531, which was unvoted debt margin or 100% of the total amount permitted by statute. The detail of the open debt issues is shown in Note 10 and Note 13 to the financial statements. In November of 2020, the School Board and Voters approved a Bond Issue, in the amount of \$3,543,000, for the purpose of replacing a roof and related expenditures. The sale is planned to occur in the 2020-21 school year.

### For the Future

In conclusion, the Upper Pittsgrove Township School District has committed itself to fiscal responsibility. In addition, the School District's system for financial planning, budgeting, and internal financial controls are functioning. The School District plans to continue its sound fiscal management to meet the requirements of the future while admitting that the challenge continues in finding revenues to meet expense requirements.

### **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 Lisa M. DiNovi, Business Administrator, Upper Pittsgrove Township School District, 235 Pine Tavern Road, Monroeville, NJ 08343.

## **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.



**UPPER PITTSBORO 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>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 342,807	\$ 976	\$ 343,783
Accounts Receivable			
State and Federal	61,595	5,178	66,773
Other	27,997	521	28,518
Interfund	4,957		4,957
Inventory		3,231	3,231
Restricted Assets			
Capital Reserve Cash	1,100,594		1,100,594
Capital Assets, Net (Note 7):	2,665,040	11,050	2,676,090
<b>Total Assets</b>	<b>4,202,990</b>	<b>20,956</b>	<b>4,223,946</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Pension Outflows	363,708		363,708
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	41,333	4,696	46,029
Unearned Revenue		4,840	4,840
Interfund Payable		2,800	2,800
Non-current Liabilities:			
Due within One Year			
Due beyond One Year	1,398,535		1,398,535
<b>Total Liabilities</b>	<b>1,439,868</b>	<b>12,336</b>	<b>1,452,204</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Deferred Pension Inflows	714,710		714,710
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	2,665,040	11,050	2,676,090
Restricted	1,289,781		1,289,781
Unrestricted (Deficit)	(1,542,701)	(2,430)	(1,545,131)
<b>Total Net Position</b>	<b>\$ 2,412,120</b>	<b>\$ 8,620</b>	<b>\$ 2,420,740</b>

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 2,178,357	\$	\$ 124,802	\$ (2,053,555)	\$	\$ (2,053,555)
Special Education	205,680			(205,680)		(205,680)
Other Instruction	93,867			(93,867)		(93,867)
Support Services:						
Tuition	2,026,618			(2,026,618)		(2,026,618)
Student & Instruction Related Services	531,411		95,374	(436,037)		(436,037)
General Administrative Services	183,923			(183,923)		(183,923)
School Administrative Services	87,335			(87,335)		(87,335)
Central Services	125,753			(125,753)		(125,753)
Admin. Info. Technology	19,000			(19,000)		(19,000)
Plant Operations & Maintenance	432,192			(432,192)		(432,192)
Student Transportation	516,414			(516,414)		(516,414)
Unallocated Employee Benefits	2,114,100		946,876	(1,167,224)		(1,167,224)
Unallocated Depreciation Expense	230,092			(230,092)		(230,092)
Interest on Long Term Debt	9,474			(9,474)		(9,474)
Total Governmental Activities	8,754,216		1,167,052	(7,587,164)		(7,587,164)
Business-type Activities:						
Food Service	103,787	46,967	51,749		(5,071)	(5,071)
School Care	26,458	18,673			(7,785)	(7,785)
Total Business-type Activities	130,245	65,640	51,749		(12,856)	(12,856)
Total Primary Government	\$ 8,884,461	\$ 65,640	\$ 1,218,801	(7,587,164)	(12,856)	(7,600,020)
General Revenues:						
Local Tax Levy						
General Purpose				4,376,989		4,376,989
Unrestricted Aid Federal and State				3,572,843		3,572,843
Interest				5,605		5,605
Tuition Revenue				12,150		12,150
Transportation Revenue				32,883		32,883
Fixed Asset Adjustment				(97,207)	(10,812)	(108,019)
Transfer to Charter School				(73,735)		(73,735)
Transfer to Enterprise Fund				(4,273)	4,273	
Rental				54,760		54,760
Miscellaneous				62,341	15	62,356
Total General Revenues and Transfers				7,942,356	(6,524)	7,935,832
Change in Net Position				355,192	(19,380)	335,812
Net Position—Beginning				2,056,928	28,000	2,084,928
Net Position—Ending				\$ 2,412,120	\$ 8,620	\$ 2,420,740

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**

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 325,829	\$ 12,783	\$	\$	\$ 338,612
Cash Capital Reserve	455,178				455,178
Cash Maintenance Reserve	445,416				445,416
Cash Tuition Reserve	200,000				200,000
Accounts Receivable					
State	55,248				55,248
Federal		6,347			6,347
Interfund	9,152				9,152
Other	27,997				27,997
Total Assets	\$ 1,518,820	\$ 19,130	\$	\$	\$ 1,537,950
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ 20,553	\$ 20,780	\$	\$	\$ 41,333
Total Liabilities	20,553	20,780			41,333
Fund Balance:					
Restricted for:					
Capital Reserve	455,178				455,178
Maintenance Reserve	445,416				445,416
Tuition Reserve	100,000				100,000
Tuition Reserve Designated for Subsequent Year's Expenditures	100,000				100,000
Excess Surplus	113,126				113,126
Excess Surplus - Designated for Subsequent Year's Expenditures	76,061				76,061
Committed to:					
Year-End Encumbrances	162,879				162,879
Assigned:					
Designated for Subsequent Year's Expenditures	56,955				56,955
Unassigned, Reported In:					
General Fund - (Deficit)	(11,348)				(11,348)
Special Revenue Fund - (Deficit)		(1,650)			(1,650)
Total Fund Balance	1,498,267	(1,650)			1,496,617
Total Liabilities and Fund Balance	\$ 1,518,820	\$ 19,130	\$	\$	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,199,799 and the accumulated depreciation of \$6,534,759 (Note 7).	2,665,040
Deferred Outflow of Resources - Deferred Pension Contribution.	363,708
Deferred Inflows of Resources - Pension Actuarial Gains.	(714,710)
Deferred Inflows of Resources - Employer Pension period and therefore are not reported as liabilities in the funds.	
Long-Term Net Pension Liability	(1,227,925)
Long-Term liabilities and accrued interest payable, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8).	(170,610)
Net Position of Governmental Activities	\$ 2,412,120

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

**UPPER PITTSBORO 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 PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
<b>REVENUES</b>					
Local sources:					
Local Tax Levy	\$ 4,376,989	\$	\$	\$	\$ 4,376,989
Tuition - Preschool	12,150				12,150
Transportation	32,883				32,883
Interest on Investments	5,130				5,130
Interest on Investments - Capital Reserve	225				225
Interest on Investments - Maintenance Res	250				250
Rental	54,760				54,760
Miscellaneous	62,341				62,341
Total Local Sources	4,544,728				4,544,728
State Sources	4,265,200	16,500			4,281,700
Federal Sources		231,891			231,891
Total Revenues	8,809,928	248,391			9,058,319
<b>EXPENDITURES</b>					
Regular Instruction	2,053,555	124,802			2,178,357
Special Education	205,680				205,680
Other Instruction	93,867				93,867
Support Services and Undistributed Costs:					
Tuition	2,026,618				2,026,618
Student & Instruction Related Services	436,037	95,374			531,411
General Administrative Services	183,923				183,923
School Administrative Services	87,335				87,335
Central Services	125,753				125,753
Administrative Information Technology	19,000				19,000
Plant Operations & Maintenance	432,192				432,192
Student Transportation	516,414				516,414
Unallocated Employee Benefits	1,865,108	24,220			1,889,328
Capital Outlay	30,643	3,995			34,638
Total Expenditures	8,076,125	248,391			8,324,516
Excess (Deficiency) of Revenues Over (Under) Expenditures	733,803				733,803
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to Charter School	(73,735)				(73,735)
Transfers to Enterprise Fund	(4,273)				(4,273)
Total Other Financing Sources and Uses	(78,008)				(78,008)
Net Change in Fund Balances	655,795				655,795
Fund Balance—July 1 (Deficit)	842,472	(1,650)			840,822
Fund Balance—June 30 (Deficit)	\$ 1,498,267	\$ (1,650)	\$	\$	\$ 1,496,617

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

**UPPER PITTSBORO 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)** \$ 655,795

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	\$	(230,092)	
Fixed Asset Adjustment		(97,207)	
Capital Outlay		25,164	
			(302,135)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of Activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. 42,328

Issuance of New Capital Leases is a Non-operating increase to Fund Balance in the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance but is not reported as an increase in the Statement of Net Position. -

In the Statement of Activities, interest on long-term debt is accrued regardless of when it is due. In the governmental funds, interest is reported when due.

In the Statement of Activities, certain operating expenses, e.g. compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). (40,796)

**Change in Net Position of Governmental Activities (A-2)** **\$ 355,192**

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

**PROPRIETARY FUNDS**



**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2020**

	<b>FOOD SERVICE FUND</b>	<b>SCHOOL CARE</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 3,609	\$ 1,562	\$ 5,171
Accounts Receivable			
State	293		293
Federal	4,885		4,885
Other	493	28	521
Inventories	3,231		3,231
Total Current Assets	12,511	1,590	14,101
Noncurrent Assets:			
Equipment	142,294		142,294
Less: Accumulated Depreciation	(131,244)		(131,244)
Total Noncurrent Assets	11,050		11,050
Total Assets	23,561	1,590	25,151
<b>LIABILITIES:</b>			
Current Liabilities:			
Interfund Payable	6,409	586	6,995
Accounts Payable	4,696		4,696
Unearned Revenue	3,836	1,004	4,840
Total Current Liabilities	14,941	1,590	16,531
<b>NET POSITION:</b>			
Invested in Net Capital Assets	11,050		11,050
Unrestricted	(2,430)		(2,430)
Total Net Position	8,620		8,620
Total Liabilities and Net Position	\$ 23,561	\$ 1,590	\$ 25,151

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

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Local Sources			
Daily Sales			
Reimbursable Programs	\$ 23,850	\$	\$ 23,850
Non-Reimbursable Programs	12,100		12,100
Special Functions	11,017		11,017
Program Fees		18,673	18,673
Total Operating Revenue:	<u>46,967</u>	<u>18,673</u>	<u>65,640</u>
OPERATING EXPENSES			
Labor		24,569	24,569
Depreciation	960		960
Purchased Services (Including Fixed Price Contract)	76,925		76,925
Cost of Sales - Non Reimbursable Programs	10,030		10,030
Supplies and Materials		1,889	1,889
Repairs and Maintenance	3,651		3,651
Utilities	896		896
Management Fee	11,000		11,000
Other	325		325
Total Operating Expenses	<u>103,787</u>	<u>26,458</u>	<u>130,245</u>
Operating Income (Loss)	<u>(56,820)</u>	<u>(7,785)</u>	<u>(64,605)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	1,067		1,067
Federal Sources			
National School Lunch Program	31,441		31,441
School Breakfast Program	12,262		12,262
Food Distribution Program	6,979		6,979
Transfer from General Fund		4,273	4,273
Fixed Asset Adjustment	(10,812)		(10,812)
Interest	10	5	15
Total Non-operating Revenues	<u>40,947</u>	<u>4,278</u>	<u>45,225</u>
Net Income (Loss) Before Operating Transfers	<u>(15,873)</u>	<u>(3,507)</u>	<u>(19,380)</u>
Change in Net Position	(15,873)	(3,507)	(19,380)
Total Net Position—Beginning	<u>24,493</u>	<u>3,507</u>	<u>28,000</u>
Total Net Position—Ending	<u>\$ 8,620</u>	<u>\$ -</u>	<u>\$ 8,620</u>

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

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>FOOD SERVICE FUND</b>	<b>SCHOOL CARE</b>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 46,967	\$ 18,673
Payments to Employees		(22,507)
Payments to Suppliers	(84,005)	
Payments to Others	(4,872)	(1,889)
Net Cash Provided by (Used for) Operating Activities	(41,910)	(5,723)
Cash Flows from Non-Capital Financing Activities		
State Sources	1,067	
Federal Sources	43,703	
Transfer from General Fund		4,273.00
Net Cash Provided by (Used for) Non-Capital Financing Activities	44,770	4,273.00
Cash Flows from Capital Financing Activities		
Purchase of Fixed Assets	(4,320)	
Net Cash Provided by (Used for) Capital Financing	(4,320)	
Cash Flows from Investing Activities		
Interest and Dividends	10	5
Net Cash Provided by (Used for) Investing Activities	10	5
Net Increase (Decrease) in Cash and Cash Equivalents	(1,450)	(1,445)
Balances - Beginning of Year	5,059	3,007
Balances - End of Year	\$ 3,609	\$ 1,562
Operating Income (Loss)	\$ (56,820)	\$ (7,785)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities		
Food Distribution Program	6,979	
Depreciation	960	
Change in Assets and Liabilities		
(Increase) Decrease in Inventory	(1,703)	
(Increase) Decrease in Accounts Receivable	(1,053)	(28)
(Increase) Decrease in Interfund Receivable	2,014	500
Increase (Decrease) in Unearned Revenue	1,702	1,004
Increase (Decrease) in Payables	(398)	
Increase (Decrease) in Interfund Payables	6,409	586
Total Adjustments	14,910	2,062
Net Cash Used by Operating Activities	\$ (41,910)	\$ (5,723)

## **FIDUCIARY FUNDS**

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2020**

	<u>EXPENDABLE</u> <u>TRUST</u>	<u>AGENCY</u>		
	<u>SCHOLARSHIP</u> <u>TRUST</u>	<u>STUDENT</u> <u>ACTIVITY</u>	<u>PAYROLL</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 990	\$ 45,618	\$ 54,788	\$ 101,396
Investments	12,703			12,703
Total Assets	<u>13,693</u>	<u>45,618</u>	<u>54,788</u>	<u>114,099</u>
<b>LIABILITIES</b>				
Interfunds Payable			2,157	2,157
Deductions Payable			36,261	36,261
Due to Student Groups		45,618		45,618
Flexible Spending Reserve			16,370	16,370
Total Liabilities		<u>45,618</u>	<u>54,788</u>	<u>100,406</u>
<b>NET POSITION</b>				
Reserved for Scholarships	<u>13,693</u>			<u>13,693</u>
Total Net Position	<u>\$ 13,693</u>	<u>\$</u>	<u>\$</u>	<u>\$ 13,693</u>

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

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>SCHOLARSHIP TRUST</u>
<b>OPERATING REVENUES</b>	
Local Sources	
Interest on Investments	\$ 27
Receipts	
Total Operating Revenues	<u>27</u>
<b>OPERATING EXPENDITURES</b>	
Awards	
Total Operating Expenditures	
Change in Net Position	<u>27</u>
Net Position—Beginning of the Year	<u>13,666</u>
Net Position—End of the Year	<u>\$ 13,693</u>

**UPPER PITTSBORO 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**

Upper Pittsgrove Township School District (District) is organized under the Constitution of the State of New Jersey. The District operates under a locally elected Board form of government consisting of nine members elected to three-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of forty square miles. It is located in Salem County and provided education for all of Upper Pittsgrove Township's grades Pre-Kindergarten through Grade 8. The year ended with an enrollment of 332 students.

**Reporting Entity:**

The Upper Pittsgrove Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board consists of elected officials and is responsible for the fiscal 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, the District has no component units.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments).

In addition, the School District has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**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.

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.



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

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

**New Accounting Standards (Continued):**

- 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.
- 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.

**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.

**UPPER PITTSBORO 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):**

- 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.
- 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 models.

**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 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 FUND TYPE**

**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.

**GOVERNMENTAL FUND TYPE**

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

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

UPPER PITTSBORO 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):**

**GOVERNMENTAL FUND TYPE (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.

**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 (Food Service) 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 District's Enterprise Fund is comprised of the Food Service Fund and After School Care program.

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 position) is segregated into contributed capital and unreserved retained earnings, if applicable.

**Enterprise (Food Service) Funds – (Continued)** Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position. 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 12 Years for Equipment.

During the year the Food Service switched from a per cost center meal pricing to a fixed vended meal pricing through the Food Service Management Company.

UPPER PITTSBORO 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):**

**FIDUCIARY FUNDS**

Fiduciary funds include expendable trust, nonexpendable trust and agency funds. The measurement focus of the expendable trust funds is the same as for governmental funds. The measurement focus of nonexpendable trust funds is similar to proprietary funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The District reports the following 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. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Board approved \$250 in scholarship awards in 2019-2020 but none were awarded.

**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.

**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.

**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 deferred 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.

*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.

**UPPER PITTSBORO 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):**

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.

A reconciliation of the special revenue funds 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 as shown on Exhibit C-1.

**UPPER PITTSBORO 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. Encumbrances Accounting:**

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

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

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. 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 expensed when used. This includes Federal Commodity Food in the amount of \$1,327. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

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

Food	\$	2,574
Supplies		657
	\$	3,231

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.

**Capital Assets**

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

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

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

**F. Assets, Liabilities and Equity (Continued):**

**Capital Assets (Continued)**

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

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

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

**G. Compensated Absences:**

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

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

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

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**H. 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.

**I. Net Position:**

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

**J. 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.

**K. 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.

**L. 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.

**M. 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.



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

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

**N. Management Estimates:**

The 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.

**O. Unearned Revenue:**

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

**P. Fund Equity:**

Contributed capital represents the amount of 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. 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.

**S. Bond and Lease Acquisition Costs:**

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL 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.

GASB Statement No. 3 requires the disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

**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.

UPPER PITTSBORO 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)**

**Investments (Continued)**

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

	<b>Cash and Cash Equivalents</b>
Checking accounts	\$ 1,545,773
Certificates of Deposit	12,703
Total	<u>\$ 1,558,476</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, NJSA17:9-41tseq. 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). 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 School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2020 the School Districts bank balance of \$2,099,556 was exposed to custodial credit risk as follows:

	<b>Cash and Cash Equivalents</b>
Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	1,849,556
Total	<u>\$ 2,099,556</u>

**NOTE 4. CAPITAL RESERVE ACCOUNT**

A capital reserve account may be established by the District for the accumulation of funds for 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 Facility 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. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by 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 support costs of uncompleted projects in its approved LRFP. During the 2019-20 school year, \$225 of interest earnings and \$300,000 was added to the capital reserve account and \$-0- was appropriated in the 2019-20 budget, resulting in a balance at June 30, 2020 of \$455,178.

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects at June 30, 2020 is \$445,416. There were no withdrawals from the capital reserve for use in a DOE approved facilities project during the 2019-20 School Year.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 5. OPERATING LEASE**

The District had no new operating lease agreements during the 2019-2020 school year.

**NOTE 6. 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. During the 2019-20 school year, \$250 in interest earnings was added to the maintenance reserve account, resulting in a balance at June 30, 2020 of \$445,416, which is within the maximum allowed for the district of \$445,416.

**NOTE 7. CAPITAL ASSETS**

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

	<b>Beginning Balance 7/1/19</b>	<b>Additions</b>	<b>Adjustment/ Retirements</b>	<b>Ending Balance 6/30/20</b>
<b>Governmental Activities</b>				
Land - Capital Assets not Depreciated	\$ 781,429			\$ 781,429
Facility and Improvements	7,251,151	\$ -	\$ (134,897)	7,116,254
Transportation	728,163			728,163
Machinery and Equipment	548,789	25,164		573,953
Totals at Historical Cost	8,528,103	25,164	(134,897)	8,418,370
Less Accumulated Depreciation	(6,342,357)	(230,092)	37,690	(6,534,759)
	2,185,746	(204,928)	(97,207)	1,883,611
Government Activities - Capital Assets, Net	<u>\$ 2,967,175</u>	<u>\$ (204,928)</u>	<u>\$ (97,207)</u>	<u>\$ 2,665,040</u>
<b>Business-type Activities</b>				
Equipment	\$ 149,974	\$ 4,320	\$ (12,000)	\$ 142,294
Accumulated Depreciation	(131,472)	(960)	\$ 1,188	(131,244)
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 18,502</u>	<u>\$ 3,360</u>	<u>\$ (10,812)</u>	<u>\$ 11,050</u>
Depreciation was Charged to Governmental Functions as Follows:				
Unallocated		<u>\$ 230,092</u>		

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 8. LONG-TERM OBLIGATIONS**

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

	Beginning 7/01/19 Balance	Additions	Reductions	Ending 6/30/20 Balance	Amounts Due within One Year	Long Term Portion
<b>Governmental Activities:</b>						
Bonds payable:						
General obligation debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total bonds payable						
Other Liabilities:						
Obligations under Capital Leases						
Compensated absences Payable	129,814	44,280	3,484	170,610	-	170,610
Net Pension Liability	1,200,500	27,425	(27,425)	1,227,925		1,227,925
<b>Total Long-term Obligations</b>	<b>\$ 1,330,314</b>	<b>\$ 71,705</b>	<b>\$ (23,941)</b>	<b>\$ 1,398,535</b>	<b>\$ -</b>	<b>\$ 1,398,535</b>

**A. Bonds Payable** – Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

**B. Bonds Authorized But Not Issued** – As of June 30, 2020, the District had no authorized but not issued bonds. There was, however, a Bond Issue in the amount of \$3,543,000 that was approved by the School Board and Voters in November of 2020, with the sale of the bonds planned to take place during the 2020-21 school year.

**C. Capital Leases** – The District does not currently have any equipment under capital leases.

**NOTE 9. 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.

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

**NOTE 9. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (Continued)**

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:

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 69,688. 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 \$66,465 and \$60,851 respectively.

The total payroll for the year ended June 30, 2020 was \$3,158,839. Payroll covered by PERS was \$929,171 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 \$1,227,925. 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 0.006815% which was an increase of 0.00072% 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 \$29,576. The District's 2020 deferred outflows of resources and deferred inflows of resources were from the following sources:

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 9. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 22,040	\$ 5,424
Changes of assumptions	122,613	426,209
Net difference between projected and actual earnings on pension plan investments		19,383
Changes in proportion	152,590	263,694
Contributions subsequent to the measurement date	66,465	
<b>Total</b>	<b>\$ 363,708</b>	<b>\$ 714,710</b>

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	\$ (112,249)
2022	(190,753)
2023	(108,081)
2024	(6,043)
2025	(346)
Thereafter	
<b>Total</b>	<b>\$ (417,472)</b>

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

Year	2020	2019
Collective deferred outflows of resources	\$ 363,708	\$ 339,579
Collective deferred inflows of resources	\$ 714,710	\$ 760,334
Collective Net Pension Liability	\$ 1,227,925	\$ 1,200,500
District's Proportion	0.006815%	0.006097%

**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:

	<b>PERS</b>
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%

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 9. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (Continued)**

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

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

**Long-Term Expected Rate of Return** – In accordance with State statute, the long-term expected rate of return on plan investments (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%	



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

**NOTE 9. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (Continued)**

**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.

**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:

	1% Decrease (5.28%)	Current Discount (6.28%)	1% Increase (7.28%)
District's Proportionate Share of the Net Pension Liability	\$ 1,561,859	\$ 1,227,925	\$ 962,278

**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:

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.

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

**NOTE 9. PENSION PLANS (CONT'D)**

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

**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.

**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 \$545,527 to the TPAF for pension contributions, \$202,380 for post-retirement benefits on behalf of the School, and \$333 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$ 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 \$840,759 and revenue of \$840,759 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:

	<u>TPAF</u>
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%

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 9. PENSION PLANS (CONT'D)**

**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.

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

**NOTE 9. PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund (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, 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 1-percentage-point 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	\$ 16,849,596	\$ 14,254,333	\$ 12,164,052
State's Share of the Net Pension Liability	<u>\$ 72,544,649,801</u>	<u>\$ 61,519,112,443</u>	<u>\$ 52,371,397,951</u>

**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 \$3,923 and the District's employer contribution, recognized in pension expense, was \$2,140. 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.

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

**NOTE 10. 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.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 10. 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 \$11,914,289. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.02855%. 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:

	<b>TPAF/ABP</b>	<b>PERS</b>	<b>PFRS</b>
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%.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 10. 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	<u>Total OPEB Liability</u>
<b>Balance as of June 30, 2018 Measurement Date</b>	\$ <u>46,110,832,982</u>
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	<u>37,971,171</u>
<b>Net Changes</b>	<u>(4,381,751,937)</u>
<b>Balance as of June 30, 2019 Measurement Date</b>	\$ <u><u>41,729,081,045</u></u>

**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:

	<u>June 30, 2019</u>		
	At 1.00% Decrease	At Discount Rate	At 1.00% Increase
	2.50%	3.50%	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:

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

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

**NOTE 10. 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 \$133,453. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$	\$ 2,993,617
Changes of Assumptions		2,421,606
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion		551,119
Contributions Subsequent to the Measurement Date		
Total	\$	\$ 5,966,342

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

<u>Measurement Period Ending June 30,</u>	<u>OPEB</u>
2020	\$ (798,895)
2021	(798,895)
2022	(798,895)
2023	(798,895)
2024	(798,895)
Thereafter	(1,971,867)
Total	\$ (5,966,342)

**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 Investment Planning, Inc. and Oppenheimer Funds



**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 "Percentage Method". Under this plan, the District files form NJ-927 with the State of New Jersey.

**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	\$ 9,152	\$
Food Service		6,409
Payroll		2,157
Latchkey		586
Total	<u>\$ 9,152</u>	<u>\$ 9,152</u>

**NOTE 14. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$1,498,267 General Fund balance at June 30, 2020, \$162,879 is committed for Encumbrances; \$455,178 has been restricted for Capital Reserve, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2021; \$445,416 has been restricted for Maintenance Reserve; \$200,000 has been restricted for Tuition Reserve, of which \$100,000, has been appropriated and included as anticipated revenue for the year ending June 30, 2021; \$189,187 is restricted as Excess Surplus at June 30, 2021, of which \$76,061, has been appropriated and included as anticipated revenue for the year ending June 30, 2021; \$56,955 has been assigned and appropriated and included as anticipated revenue for the year ended June 30, 2021; and (\$11,348) represents deficit in unassigned and Undesignated Fund Balance.

**Debt Service Fund** – The Debt Service fund had no fund balance at June 30, 2020.

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund 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 of \$76,061 is to be anticipated in the 2020-21 budget and \$113,126 is to be anticipated in the 2021-22 budget.

**NOTE 16. LITIGATION**

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's Solicitor, there are currently no claims.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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.

**NOTE 18. DEFICIT FUND BALANCES**

The District has deficit fund balances of \$(11,348) unassigned in the General Fund and \$(1,650) 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 two state aid payments in the subsequent fiscal year, the district cannot recognize those state aid payments 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 deficits do not alone indicate that the district is facing financial difficulties. The deficit in the General Fund is less than the 19<sup>th</sup> and 20<sup>th</sup> payments. The Special Revenue Fund deficit of \$1,650 is equal to the 19<sup>th</sup> and 20<sup>th</sup> 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:

<b>Receivables:</b>	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Enterprise Funds</b>	<b>Total</b>
Governmental	\$ 83,245	\$ 6,347	\$ 5,178	\$ 94,770
Other			521	521
<b>Totals</b>	<b>\$ 83,245</b>	<b>\$ 6,347</b>	<b>\$ 5,699</b>	<b>\$ 95,291</b>

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

**NOTE 19. RECEIVABLES (CONT'D)**

Accounts receivable from other governmental entities does not include \$157,387 relating to tuition, transportation and other costs for two homeless children not domiciled in Upper Pittsboro School District, of which, collection is not known as of the audit date. The Upper Pittsboro School District is pursuing collection of the above accounts receivable.

**NOTE 20. SUBSEQUENT EVENTS**

In November 2020, a Bond Issue was approved by the Board of Education and Voters, in the amount of \$3,543,000 for the replacement of a Roof and related expenditures, with the sale planned to occur during the 2020-21 school year. There were no other events noted, between the year-end and the date of the audit report, requiring disclosure.

**End of Notes to Financial Statements**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**UPPER PITTSBORO 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>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 4,376,989	\$	\$ 4,376,989	\$ 4,376,989	\$
Tuition from Individuals - Preschool	20,000		20,000	12,150	(7,850)
Transportation from Other LEAs	50,000		50,000	32,883	(17,117)
Interest on Investments				5,130	5,130
Interest on Capital Reserve Account	225		225	225	
Interest on Maintenance Reserve Account	25		25	250	225
Rentals	47,000		47,000	54,760	7,760
Miscellaneous	7,000		7,000	62,341	55,341
<b>Total Local Sources</b>	<b>4,501,239</b>		<b>4,501,239</b>	<b>4,544,728</b>	<b>43,489</b>
State Sources:					
Equalization Aid	2,461,798		2,461,798	2,461,798	
School Choice	199,022		199,022	199,022	
Special Education Aid	300,139		300,139	300,139	
Transportation Aid	271,073		271,073	271,073	
Security Aid	55,469		55,469	55,469	
Extraordinary Aid				54,539	54,539
On-Behalf TPAF Pension Contribution (non-budgeted)				545,527	545,527
On-Behalf TPAF Postretirement Medical Contribution (non-budgeted)				202,380	202,380
On-Behalf TPAF Long-Term Disability Contribution (non-budgeted)				333	333
Reimbursed TPAF Social Security (non-budgeted)				174,416	174,416
<b>Total State Sources</b>	<b>3,287,501</b>		<b>3,287,501</b>	<b>4,264,696</b>	<b>977,195</b>
Federal Sources:					
<b>TOTAL REVENUES</b>	<b>\$ 7,788,740</b>	<b>\$</b>	<b>\$ 7,788,740</b>	<b>\$ 8,809,424</b>	<b>\$ 1,020,684</b>

**UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool	\$ 15,428	\$ (5,876)	\$ 9,552	\$ 9,552	
Kindergarten	170,127	(1,418)	168,709	168,709	
Grades 1-5	870,875	146,302	1,017,177	1,010,954	6,223
Grades 6-8	612,363	101,405	713,768	713,352	416
Regular Programs - Home Instruction					
Salaries of Teachers		980	980	980	
Purchased Professional - Educational Services		6,055	6,055	6,055	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		2,220	2,220	1,835	385
Purchased Technical Services	22,979	35,782	58,761	58,761	
Other Purchased Services	22,200	(657)	21,543	21,543	
General Supplies	87,932	15,901	103,833	61,153	42,680
Textbooks	62,500	(61,839)	661	661	
<b>Total Regular Programs - Instruction</b>	<b>1,864,404</b>	<b>238,855</b>	<b>2,103,259</b>	<b>2,053,555</b>	<b>49,704</b>
Special Education - Instruction					
Resource Room/Resource Center					
Salaries of Teachers	384,720	(227,910)	156,810	156,764	46
Other Salaries for Instruction	100,206	(50,791)	49,415	48,542	873
General Supplies	2,500	(1)	2,499	374	2,125
<b>Total Learning and Language Disabilities</b>	<b>487,426</b>	<b>(278,702)</b>	<b>208,724</b>	<b>205,680</b>	<b>3,044</b>
<b>Total Special Education</b>	<b>487,426</b>	<b>(278,702)</b>	<b>208,724</b>	<b>205,680</b>	<b>3,044</b>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	112,868		112,868	3,820	109,048
<b>Total Basic Skills/Remedial - Instruction</b>	<b>\$ 112,868</b>	<b>\$</b>	<b>\$ 112,868</b>	<b>\$ 3,820</b>	<b>\$ 109,048</b>

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
Bilingual Education - Instruction					
Salaries of Teachers	\$ 58,856		\$ 58,856	\$ 58,856	
General Supplies		356	356	356	
Total Bilingual Education - Instruction	<u>58,856</u>	<u>356</u>	<u>59,212</u>	<u>59,212</u>	
School Sponsored Co/Extra-Curricular Activities - Instruction					
Salaries	40,000		40,000	19,500	20,500
Supplies and Materials	500	(50)	450	38	412
Other Objects		50	50	50	
Total School Sponsored Co/Extra-Curricular Activities	<u>40,500</u>		<u>40,500</u>	<u>19,588</u>	<u>20,912</u>
School Sponsored Athletic Activities					
Salaries	12,000	700	12,700	8,109	4,591
Purchased Services	5,000	(700)	4,300	2,031	2,269
Supplies and Materials	1,500	(385)	1,115	72	1,043
Other Objects	650	385	1,035	1,035	
Total School Sponsored Athletic Activities	<u>19,150</u>		<u>19,150</u>	<u>11,247</u>	<u>7,903</u>
Total Instruction	<u>2,583,204</u>	<u>(39,491)</u>	<u>2,543,713</u>	<u>2,353,102</u>	<u>190,611</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State - Regular	1,325,157	15,249	1,340,406	1,340,406	
Tuition to Other LEAs Within State - Special	239,436	10,000	249,436	249,436	
Tuition County Voc. School Dist - Regular	90,884		90,884	90,884	
Tuition to CSSD and Regional Day Schools	379,278	(186,582)	192,696	169,708	22,988
Tuition to Private Schools/Disabled Within State	191,239	19,256	210,495	176,184	34,311
Total Undistributed Expenditures - Instruction	<u>2,225,994</u>	<u>(142,077)</u>	<u>2,083,917</u>	<u>2,026,618</u>	<u>57,299</u>
Attendance and Social Worker Services					
Salaries	17,812	988	18,800	17,324	1,476
Total Attendance and Social Worker Services	<u>17,812</u>	<u>988</u>	<u>18,800</u>	<u>17,324</u>	<u>1,476</u>
Health Services					
Salaries	62,956	(1,198)	61,758	61,479	279
Purchased Professional and Technical Services	5,000	502	5,502	4,767	735
Supplies and Materials	2,500	3,360	5,860	3,632	2,228
Other Objects	200		200	137	63
Total Health Services	<u>\$ 70,656</u>	<u>\$ 2,664</u>	<u>\$ 73,320</u>	<u>\$ 70,015</u>	<u>\$ 3,305</u>



**UPPER PITTSBORO 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>
<b>EXPENDITURES: (Continued)</b>					
Undistributed Expenditures					
Speech, OT, PT and Related Services					
Salaries	\$ 30,328	\$ 33,628	\$ 63,956	\$ 27,619	\$ 36,337
Purchased Professional/Educational Services	39,500	(456)	39,044	30,747	8,297
Supplies and Materials	500		500	144	356
Total Speech, OT, PT and Related Services	<u>70,328</u>	<u>33,172</u>	<u>103,500</u>	<u>58,510</u>	<u>44,990</u>
Other Support Services Students - Extraordinary Services					
Group Insurance		26,997	26,997	24,085	2,912
Purchased Professional/Educational Services	231,776	(26,997)	204,779	106,530	98,249
Total Other Support Services Students - Extraordinary Service	<u>231,776</u>		<u>231,776</u>	<u>130,615</u>	<u>101,161</u>
Guidance					
Salaries of Other Professional Staff	67,156	(3,196)	63,960	38,380	25,580
Supplies and Materials	400		400	355	45
Total - Guidance	<u>67,556</u>	<u>(3,196)</u>	<u>64,360</u>	<u>38,735</u>	<u>25,625</u>
Child Study Team					
Salaries of Other Professional Staff	18,850	(1,006)	17,844	12,848	4,996
Salaries of Secretarial and Clerical Assistants	12,480		12,480	11,440	1,040
Purchased Professional/Educational Services	14,792	1,523	16,315	1,848	14,467
Other Professional and Technical Services	1,500	(517)	983		983
Supplies and Materials	3,000		3,000	500	2,500
Total Child Study Team	<u>50,622</u>		<u>50,622</u>	<u>26,636</u>	<u>23,986</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	76,257	(21,503)	54,754	54,744	10
Other Salaries		22,503	22,503	22,463	40
Purchased Professional/Educational Services	1,100	21,403	1,100	1,093	7
Supplies and Materials	3,000	(1,000)	2,000	25	1,975
Total Improvement of Instructional Services	<u>80,357</u>		<u>80,357</u>	<u>78,325</u>	<u>2,032</u>
Educational Media Services/School Library					
Salaries	4,900	(4,253)	647		647
Purchased Professional and Technical Services	3,625	253	3,878	3,878	
Supplies and Materials	5,500		5,500	2,843	2,657
Total Educational Media Services/School Library	<u>\$ 14,025</u>	<u>\$ (4,000)</u>	<u>\$ 10,025</u>	<u>\$ 6,721</u>	<u>\$ 3,304</u>

**UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES: (Continued)</b>					
Instructional Staff Training Services					
Purchased Professional- Educational Services	\$ 2,000	\$ 4,035	\$ 6,035	6,035	\$
Other Prof/Tech Services	1,400		1,400	1,400	
Other Purchased Services (400-500 series)	5,000	(35)	4,965	1,721	3,244
Other Objects	130		130		130
<b>Total Instructional Staff Training Services</b>	<b>8,530</b>	<b>4,000</b>	<b>12,530</b>	<b>9,156</b>	<b>3,374</b>
Support Services - General Administration					
Salaries	63,341	(4,346)	58,995	58,521	474
Legal Services	8,000	19,167	27,167	24,967	2,200
Audit Fees	17,200	(654)	16,546	16,546	
Architectural/Engineering Services	20,000	(20,000)			
Other Purchased Professional Services	5,825	16,090	21,915	19,342	2,573
Purchased Technical Services	600		600	520	80
Communications/Telephone	42,340	(6,453)	35,887	33,392	2,495
Misc Purchased Services (400-500) [Other then 530&585]	20,913	(5,201)	15,712	15,712	
General Supplies	3,000	1,542	4,542	4,542	
Misc Expenditures	2,500	2,374	4,874	4,874	
BOE Membership Dues and Fees	9,000	(3,493)	5,507	5,507	
<b>Total Support Services - General Administration</b>	<b>192,719</b>	<b>(974)</b>	<b>191,745</b>	<b>183,923</b>	<b>7,822</b>
Support Services - School Administration					
Salaries of Principals/Assistant Principals	49,317	426	49,743	49,743	
Salaries of Secretarial and Clerical Assistants	14,706	(303)	14,403	14,403	
Other Salaries	500	(150)	350	350	
Purchased Prof. And Tech. Services	17,800	1,797	19,597	19,597	
Supplies and Materials	3,500	(796)	2,704	2,061	643
Other Objects	2,440		2,440	1,181	1,259
<b>Total Support Service - School Administration</b>	<b>88,263</b>	<b>974</b>	<b>89,237</b>	<b>87,335</b>	<b>1,902</b>
Central Services					
Purchased Professional Services	109,000		109,000	109,000	
Purchased Technical Services	15,000		15,000	15,000	
Supplies and Materials	1,700		1,700	1,653	47
Miscellaneous Expenditures	150		150	100	50
<b>Total Central Services</b>	<b>125,850</b>		<b>125,850</b>	<b>125,753</b>	<b>97</b>
Admin. Info. Technology					
Salaries	3,000		3,000	3,000	
Purchased Technical Services	16,000		16,000	16,000	
<b>Total Admin. Info. Technology</b>	<b>\$ 19,000</b>	<b>\$</b>	<b>\$ 19,000</b>	<b>\$ 19,000</b>	<b>\$</b>

**UPPER PITTSBURGH 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>
<b>EXPENDITURES: (Continued)</b>					
Required Maintenance for School Facilities					
Salaries	\$ 30,542	\$	\$ 30,542	\$ 29,733	\$ 809
Cleaning, Repair and Maintenance Services	18,600	(3,430)	15,170	8,298	6,872
General Supplies	6,000	(1,997)	4,003	4,003	
Other Objects	500		500	214	286
<b>Total Required Maintenance for School Facilities</b>	<b>55,642</b>		<b>50,215</b>	<b>42,248</b>	<b>7,967</b>
Salaries	175,175	(2,065)	173,110	173,007	103
Purchased Prof. And Tech. Services	2,600	5,325	7,925	6,662	1,263
Cleaning, Repair and Maintenance Services	42,800	(2,713)	40,087	24,991	15,096
Insurance	43,450	(11,754)	31,696	31,696	
Miscellaneous Purchased Services	1,650	297	1,947	1,947	
General Supplies	38,800	24,561	63,361	58,497	4,864
Energy - Natural Gas	500		500	19	481
Energy - Electricity	101,900	(11,875)	90,025	90,025	
<b>Total Custodial Services</b>	<b>406,875</b>	<b>1,776</b>	<b>408,651</b>	<b>386,844</b>	<b>21,807</b>
Security					
General Supplies		3,100	3,100	3,100	
<b>Total Required Maintenance for School Facilities</b>		<b>3,100</b>	<b>3,100</b>	<b>3,100</b>	
<b>Total Other Operations and Maintenance of Plant Services</b>	<b>462,517</b>	<b>(551)</b>	<b>461,966</b>	<b>432,192</b>	<b>29,774</b>
Student Transportation Services:					
Salaries of Non Instructional Aid		18,846	18,846	17,417	1,429
Salaries for Pupil Trans (Between Home/School) - Regular	43,190	956	44,146	39,548	4,598
Salaries for Pupil Trans (Between Home/School) - Special	46,274	(20,540)	25,734	25,607	127
Salaries for Pupil Trans (Other than Between Home/School)	6,000	(2,359)	3,641	3,641	
Other Purchased Prof. and Technical Serv.	2,800	2,097	4,897	4,897	
Cleaning, Repair and Maintenance Services	14,000	7,011	21,011	16,593	4,418
Contract Services-Aid in Lieu Payments-Non Public School	20,000	3,361	23,361	14,591	8,770
Contract Services-Aid in Lieu Payments-Choice School	2,000		2,000	1,334	666
Contract Services-(Home/School) Vendors	258,901	90,479	349,380	279,504	69,876
Contract Services-(Other than Betw Home/School)		3,500	3,500	2,771	729
Contract Services-(Home/School) Joint Agreements	17,500	(1,318)	16,182	12,946	3,236
Contract Services (Special Education Stds)-Vendors		3,762	3,762	3,762	
Contract Services (Special Education Stds)-Joint Agrmts	139,650	(56,229)	83,421	56,472	26,949
Contract Services (Special Education Stds)-ESCs & CTSAAs		24,172	24,172	10,518	13,654
Miscellaneous Purchased Services - Transportation	15,500	11,376	26,876	20,779	6,097
General Supplies	17,100	(8,209)	8,891	6,034	2,857
<b>Total Student Transportation Services</b>	<b>\$ 582,915</b>	<b>\$ 76,905</b>	<b>\$ 659,820</b>	<b>\$ 516,414</b>	<b>\$ 143,406</b>

**UPPER PITTSBORO 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>
<b>EXPENDITURES: (Continued)</b>					
Unallocated Benefits					
Social Security Contributions	\$ 64,000	\$	\$ 64,000	\$ 52,482	\$ 11,518
Other Retirement Contributions - PERS	67,525		67,525	66,465	1,060
Unemployment Compensation	17,000	(180)	16,820	7,980	8,840
Workmen's Compensation	44,000		44,000	40,986	3,014
Health Benefits	832,932	(76,304)	756,628	649,814	106,814
Tuition Reimbursements	18,000	(967)	17,033	6,513	10,520
Other Employee Benefits	40,750	77,462	118,212	118,212	
<b>Total Unallocated Benefits</b>	<b>1,084,207</b>	<b>11</b>	<b>1,084,218</b>	<b>942,452</b>	<b>141,766</b>
On-Behalf TPAF Pension Contribution (non-budgeted)				545,527	(545,527)
On-Behalf TPAF Postretirement Contribution (non-budgeted)				202,380	(202,380)
On-Behalf TPAF Long-Term Disability Contribution (non-budgeted)				333	(333)
Reimbursed TPAF Social Security (non-budgeted)				174,416	(174,416)
<b>Total On-Behalf Contributions</b>				<b>922,656</b>	<b>(922,656)</b>
<b>TOTAL PERSONAL SERV. - EMPLOYEE BENEFITS</b>			<b>1,084,218</b>	<b>1,865,108</b>	<b>(780,890)</b>
<b>Total Undistributed Expenditures</b>	<b>5,393,127</b>	<b>(32,084)</b>	<b>5,361,043</b>	<b>5,692,380</b>	<b>(331,337)</b>
Interest Earned on Maintenance Reserve	25		25		25
<b>Total Interest Earned</b>	<b>25</b>		<b>25</b>		<b>25</b>
<b>Total Expenditures - Current Expense</b>	<b>7,976,356</b>	<b>(71,575)</b>	<b>7,904,781</b>	<b>8,045,482</b>	<b>(140,701)</b>
Capital Outlay					
Increase in Capital Reserve					
Equipment:					
Instruction		5,863	5,863	5,863	
General Administration		6,361	6,361	6,361	
Maintenance		8,945	8,945	8,945	
<b>Total Equipment</b>		<b>21,169</b>	<b>21,169</b>	<b>21,169</b>	
Facilities Acquisitions and Construction Services					
Interest Deposit to Capital Reserve					
Architectural /Engineering Services					
Construction Services					
Assessment for Debt Service on SDA Funding	9,474		9,474	9,474	
<b>Total Facilities Acquisitions and Construction Services</b>	<b>9,474</b>		<b>9,474</b>	<b>9,474</b>	
Assets Acquired Under Capital Leases (non-budgeted)					
Interest Deposit to Capital Reserve	225		225		225
<b>Total Assets Acquired Under Capital Leases (non-budgeted)</b>					
<b>Total Capital Outlay</b>	<b>9,699</b>	<b>21,169</b>	<b>30,868</b>	<b>30,643</b>	<b>225</b>
<b>Total Expenditures</b>	<b>\$ 7,986,055</b>	<b>\$ (50,406)</b>	<b>\$ 7,935,649</b>	<b>\$ 8,076,125</b>	<b>\$ (140,476)</b>

**UPPER PITTSBORO 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>
<b>EXPENDITURES: (Continued)</b>					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (197,315)	\$ 50,406	\$ (146,909)	\$ 733,299	\$ 880,208
Other Financing Sources (Uses):					
Transfer to Charter School	(22,137)	(51,598)	(73,735)	(73,735)	
Transfer to Enterprise Fund				(4,273)	(4,273)
Total Other Financing Sources (Uses)	(22,137)	(51,598)	(73,735)	(78,008)	(4,273)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(219,452)	(1,192)	(220,644)	655,291	875,935
Fund Balances, July 1	1,158,863		1,158,863	1,158,863	
Fund Balances, June 30	\$ 939,411	\$ (1,192)	\$ 938,219	\$ 1,814,154	\$ 875,935

**RECAPITULATION :**

**Fund Balances**

**Restricted for:**

Capital Reserve	\$ 455,178
Maintenance Reserve	445,416
Tuition Reserve - 2019-20	100,000
Excess Surplus	113,126

**Assigned to:**

Year - End Encumbrances	162,879
Excess Surplus - Designated for Subsequent Year's Expenditures	76,061
Tuition Reserve Designated for Subsequent Year's Expenditures	100,000

**Assigned Fund Balance - Designated for Subsequent Year's Expenditures**

**Unassigned Fund Balance** 304,539

1,814,154

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis (315,887)

Fund Balance per Governmental Funds (GAAP) \$ 1,498,267

**UPPER PITTSBORO 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)
<b>REVENUES</b>					
Federal Sources	\$ 185,419	\$ 102,967	\$ 288,386	\$ 231,891	\$ 56,495
State Sources		16,500	16,500	16,500	
<b>Total Revenues</b>	<u>185,419</u>	<u>119,467</u>	<u>304,886</u>	<u>248,391</u>	<u>56,495</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries of Teachers	94,120	(8,210)	85,910	85,910	
Other Purchased Services		7,842	7,842		7,842
Supplies and Materials	8,000	68,914	76,914	38,892	38,022
<b>Total Instruction</b>	<u>102,120</u>	<u>68,546</u>	<u>170,666</u>	<u>124,802</u>	<u>45,864</u>
<b>Support Services</b>					
Personal Services - Employee Benefits		24,220	24,220	24,220	
Purchased Prof/Technical Services	83,299	11,701	95,000	95,000	
Materials and Supplies		11,005	11,005	374	10,631
<b>Total Support Services</b>	<u>83,299</u>	<u>46,926</u>	<u>130,225</u>	<u>119,594</u>	<u>10,631</u>
<b>Facilities Acquisition and Construction Services</b>					
Non-instructional Equipment		3,995	3,995	3,995	
<b>Total Facilities Acquisition and Construction Services</b>		<u>3,995</u>	<u>3,995</u>	<u>3,995</u>	
<b>Total Expenditures</b>	<u>185,419</u>	<u>119,467</u>	<u>304,886</u>	<u>248,391</u>	<u>56,495</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY  
INFORMATION – PART II**

**UPPER PITTSBORO 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>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule	[C-1] \$	8,809,424	[C-2] \$	248,391
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Encumbrances: June 30, 2019				
Encumbrances: June 30, 2020				
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		316,391		1,650
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		(315,887)		(1,650)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	<u>8,809,928</u>	[B-2] \$	<u>248,391</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	8,076,125	[C-2] \$	248,391
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.				
Pension Expense recognized for GAAP but not for budgetary purposes.				
Encumbrances: June 30, 2019				
Encumbrances: June 30, 2020				
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	<u>8,076,125</u>	[B-2] \$	<u>248,391</u>



**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**UPPER PITTSBORO 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	0.006815%	0.006097%	0.007095%	0.007970%	0.008546%	0.008009%	0.007379%
District's Proportionate Share of the Net Pension Liability	\$ 1,227,924	\$ 1,200,500	\$ 1,651,487	\$ 2,360,607	\$ 1,918,440	\$ 1,499,685	\$ 1,410,216
District's Covered-Employee Payroll	\$ 929,171	\$ 416,577	\$ 440,295	\$ 425,742	\$ 484,808	\$ 548,308	\$ 586,060
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	132.15%	288.18%	375.09%	554.47%	395.71%	273.51%	240.63%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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.

**UPPER PITTSBORO 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	\$ 66,465	\$ 60,851	\$ 66,106	\$ 70,972	\$ 73,474	\$ 66,033	\$ 55,597
Contributions in relation to the Contractually Required Contribution	(66,465)	(60,851)	(66,106)	(70,972)	(73,474)	(66,033)	(55,597)
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 929,171	\$ 416,577	\$ 440,295	\$ 425,742	\$ 484,808	\$ 548,308	\$ 586,060
Contributions as a Percentage of Covered-Employee Payroll	7.15%	14.61%	15.01%	16.67%	15.16%	12.04%	9.49%

\* 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.

**UPPER PITTSBORO 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	0.023227%	0.023426%	0.022688%	0.022968%	0.021640%	0.021470%	0.021466%
District's Proportionate Share of the Net Pension Liability	\$ 14,254,333	\$ 14,903,389	\$ 15,297,179	\$ 18,068,023	\$ 13,677,666	\$ 11,474,875	\$ 10,848,929
District's Covered-Employee Payroll	\$ 2,457,172	\$ 2,573,360	\$ 2,600,252	\$ 2,452,489	\$ 2,442,426	\$ 2,354,687	\$ 2,326,390
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	580.11%	579.14%	588.30%	736.72%	560.00%	487.32%	466.34%
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.

**UPPER PITTSBORO 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>
<b>Total OPEB Liability</b>			
Service Cost	\$ 410,153	\$ 485,017	\$ 581,616
Interest Cost	525,210	579,508	500,821
Changes of Benefit Terms			
Differences Between Expected and Actual Experiences	(2,180,757)	(1,725,820)	
Changes of Assumptions	177,643	(1,530,480)	(2,022,188)
Member Contributions	10,841	12,326	13,538
Gross Benefit Payments	(365,733)	(356,625)	(367,653)
<b>Net Change in Total OPEB Liability</b>	<u>(1,422,643)</u>	<u>(2,536,074)</u>	<u>(1,293,866)</u>
<b>Total OPEB Liability - Beginning</b>	<u>13,336,932</u>	<u>15,873,006</u>	<u>17,166,872</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 11,914,289</u>	<u>\$ 13,336,932</u>	<u>\$ 15,873,006</u>
<b>Covered-Employee Payroll</b>	<u>\$ 3,386,343</u>	<u>\$ 2,989,937</u>	<u>\$ 3,040,547</u>
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	351.83%	446.06%	522.04%

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.

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

	<u>NCLB</u>			<u>I.D.E.A. PART B</u>		<u>SUBTOTAL PER E-1(2)</u>	<u>TOTAL</u>	
	<u>TITLE I PART A 2019-20</u>	<u>TITLE II PART A 2019-20</u>	<u>TITLE IV PART A 2019-20</u>	<u>BASIC</u>	<u>PRE- SCHOOL</u>		<u>2020</u>	<u>2019</u>
<b>REVENUES</b>								
Federal Sources	\$ 78,190	\$ 15,279	\$ 10,000	\$ 96,997	\$ 3,632	\$ 27,793	\$ 231,891	\$ 222,109
State Sources						16,500	16,500	16,500
Total Revenues	<u>78,190</u>	<u>15,279</u>	<u>10,000</u>	<u>96,997</u>	<u>3,632</u>	<u>44,293</u>	<u>248,391</u>	<u>238,609</u>
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers	57,900	11,300				16,710	85,910	89,499
Supplies and Materials	25	24	10,000	5,629		23,214	38,892	23,499
Total Instruction	<u>57,925</u>	<u>11,324</u>	<u>10,000</u>	<u>5,629</u>		<u>39,924</u>	<u>124,802</u>	<u>112,998</u>
Support Services								
Personal Services - Employee Benefits	20,265	3,955					24,220	22,475
Purchased Professional/Technical Services				91,368	3,632		95,000	103,136
Materials and Supplies						374	374	
Total Support Services	<u>20,265</u>	<u>3,955</u>		<u>91,368</u>	<u>3,632</u>	<u>374</u>	<u>119,594</u>	<u>125,611</u>
Facilities Acquisition								
Non-instructional Equipment						3,995	3,995	
Total Facilities Acquisition						<u>3,995</u>	<u>3,995</u>	
Total Expenditures	<u>\$ 78,190</u>	<u>\$ 15,279</u>	<u>\$ 10,000</u>	<u>\$ 96,997</u>	<u>\$ 3,632</u>	<u>\$ 44,293</u>	<u>\$ 248,391</u>	<u>\$ 238,609</u>



**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

	<u>PRESCHOOL EDUCATION</u>	<u>CARES ACT</u>	<u>REAP</u>	<u>TOTAL</u>
<b>REVENUES</b>				
Federal Sources	\$	\$ 6,347	\$ 21,446	\$ 27,793
State Sources	16,500			16,500
Total Revenues	<u>16,500</u>	<u>6,347</u>	<u>21,446</u>	<u>44,293</u>
<b>EXPENDITURES</b>				
Instruction				
Salaries of Teachers	16,500		210	16,710
Supplies and Materials		1,978	21,236	23,214
Total Instruction	<u>16,500</u>	<u>1,978</u>	<u>21,446</u>	<u>39,924</u>
Support Services				
Personal Services - Employee Benefits				
Purchased Professional/Technical Services				
Other Purchased Services				
Materials and Supplies		374		374
Total Support Services		<u>374</u>		<u>374</u>
Facilities Acquisition				
Non-instructional Equipment		3,995		3,995
Total Facilities Acquisition		<u>3,995</u>		<u>3,995</u>
Total Expenditures	<u>\$ 16,500</u>	<u>\$ 6,347</u>	<u>\$ 21,446</u>	<u>\$ 44,293</u>

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

	Budget	Actual	Variance
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 16,500	\$ 16,500	\$
<b>Total Instruction</b>	16,500	16,500	
<b>Total Support Services</b>			
<b>Total Facilities Acquisition and Const. Services</b>			
<b>Contribution to Charter Schools</b>			
<b>Total Expenditures</b>	\$ 16,500	\$ 16,500	\$

**CALCULATION OF BUDGET & CARRYOVER**

Total 2019-20 Preschool Education Aid Allocation	\$ 16,500	(1)
Add: Actual ECPA Carryover (June 30, 2019)		(2)
Add: Budgeted Transfer from General Fund 2019-20		(3)
Total Preschool Education Aid Funds Available for 2019-20 Budget	16,500	(4)
Less: 2019-20 Budgeted Preschool Education Aid and Prior Year Budgeted (Carryover)	(16,500)	(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	\$	(9)
2019-20 Preschool Education Aid Carryover Budgeted for Preschool Programs 2020-21	\$	(10)

## **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.**

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF NET POSITION**  
**AS OF JUNE 30, 2020 AND 2019**

	<b>FOOD SERVICE FUND</b>		<b>SCHOOL CARE</b>		<b>TOTAL</b>	
					<b>2020</b>	<b>2019</b>
<b>ASSETS</b>						
Current Assets						
Cash and Cash Equivalents	\$	3,609	\$	1,562	\$	5,171
Accounts Receivable					\$	8,066
State		293			293	50
Federal		4,885			4,885	2,039
Other		493	28		521	2,529
Interfund Receivable						2,514
Inventories		3,231			3,231	1,528
<b>Total Current Assets</b>		<b>12,511</b>		<b>1,590</b>	<b>14,101</b>	<b>16,726</b>
Fixed Assets						
Equipment		142,294			142,294	149,974
Accumulated Depreciation		(131,244)			(131,244)	(131,472)
<b>Total Fixed Assets</b>		<b>11,050</b>			<b>11,050</b>	<b>18,502</b>
<b>Total Assets</b>	<b>\$</b>	<b>23,561</b>	<b>\$</b>	<b>1,590</b>	<b>\$</b>	<b>25,151</b>
					<b>\$</b>	<b>35,228</b>
<b>LIABILITIES</b>						
Current Liabilities						
Accounts Payable	\$	4,696	\$		\$	4,696
Interfund Payable		6,409	586		6,995	5,094
Unearned Revenue		3,836	1,004		4,840	2,134
<b>Total Liabilities</b>		<b>14,941</b>	<b>1,590</b>		<b>16,531</b>	<b>7,228</b>
<b>NET POSITION</b>						
Invested in Net Capital Assets		11,050			11,050	
Unrestricted		(2,430)			(2,430)	28,000
<b>Total Net Position</b>		<b>8,620</b>			<b>8,620</b>	<b>28,000</b>
<b>Total Liabilities and Net Position</b>	<b>\$</b>	<b>23,561</b>	<b>\$</b>	<b>1,590</b>	<b>\$</b>	<b>25,151</b>
					<b>\$</b>	<b>35,228</b>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL	
			2020	2019
<b>OPERATING REVENUES</b>				
Local Sources				
Daily Sales				
Reimbursable Programs	\$ 23,850	\$	\$ 23,850	\$ 36,753
Non-Reimbursable Programs	12,100		12,100	20,725
Special Functions	11,017		11,017	14,297
Program Fees		18,673	18,673	29,467
Total Operating Revenue	46,967	18,673	65,640	101,242
<b>OPERATING EXPENSES</b>				
Labor		24,569	24,569	24,705
Depreciation	960		960	1,488
Purchased Services (Including Fixed Price Contract	76,925		76,925	95,631
Cost of Sales - Non Reimbursable Programs	10,030		10,030	15,143
Supplies and Materials		1,889	1,889	1,721
Repairs and Maintenance	3,651		3,651	6,629
Utilities	896		896	1,620
Management Fee	11,000		11,000	11,000
Other	325		325	473
Total Operating Expenses	103,787	26,458	130,245	158,410
Operating Income (Loss)	(56,820)	(7,785)	(64,605)	(57,168)
<b>NON-OPERATING REVENUES</b>				
State Sources				
State School Lunch Program	1,067		1,067	1,078
Federal Sources				
National School Lunch Program	31,441		31,441	33,792
School Breakfast Program	12,262		12,262	9,708
Food Distribution Program	6,979		6,979	9,487
Fixed Asset Adjustment	(10,812)		(10,812)	
Transfer from General Fund		4,273	4,273	
Interest	10	5	15	20
Total Non-Operating Revenues	40,947	4,278	45,225	54,085
Net Income (Loss) Before Operating Transfers	(15,873)	(3,507)	(19,380)	(3,083)
Net (Loss) Income	(15,873)	(3,507)	(19,380)	(3,083)
Net Position - July 1	24,493	3,507	28,000	31,083
Net Position - June 30	\$ 8,620	\$ -	\$ 8,620	\$ 28,000

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**AS OF JUNE 30, 2020 AND 2019**

	<b>FOOD SERVICE FUND</b>		<b>SCHOOL CARE</b>		<b>TOTAL</b>	
					<b>2020</b>	<b>2019</b>
Cash Flows from Operating Activities						
Receipts from Customers	\$	46,967	\$	18,673	\$	65,640
Payments to Employees				(22,507)		(22,507)
Payments to Suppliers		(84,005)				(84,005)
Payments to Others		(4,872)		(1,889)		(6,761)
Net Cash Provided by (Used for) Operating Activities		(41,910)		(5,723)		(47,633)
Cash Flows from Non-Capital Financing Activities						
State Sources		1,067				1,067
Federal Sources		43,703				43,703
Transfer from General Fund				4,273		4,273
Net Cash Provided by (Used for) Non-Capital Financing Activities		44,770		4,273		49,043
Cash Flows from Capital Financing Activities						
Purchase of Fixed Assets		(4,320)				(4,320)
Net Cash Provided by (Used for) Capital Financing		(4,320)				(4,320)
Cash Flows from Investing Activities						
Interest and Dividends		10		5		15
Net Cash Provided by (Used for) Investing Activities		10		5		15
Net Increase (Decrease) in Cash and Cash Equivalents		(1,450)		(1,445)		(2,895)
Balances - Beginning of Year		5,059		3,007		8,066
Balances - End of Year	\$	3,609	\$	1,562	\$	5,171
					\$	8,066
Operating Income (Loss)	\$	(56,820)	\$	(7,785)	\$	(64,605)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities						
Food Distribution Program		6,979				6,979
Depreciation		960				960
Change in Assets and Liabilities						
(Increase) Decrease in Inventory		(1,703)				(1,703)
(Increase) Decrease in Accounts Receivable		(1,053)		(28)		(1,081)
(Increase) Decrease in Interfund Receivable		2,014		500		2,514
Increase (Decrease) in Unearned Revenue		1,702		1,004		2,706
Increase (Decrease) in Accounts Payable		(398)				(398)
Increase (Decrease) in Interfund Payable		6,409		586		6,995
Total Adjustments		14,910		2,062		16,972
Net Cash Used by Operating Activities	\$	(41,910)	\$	(5,723)	\$	(47,633)
					\$	(50,190)

## 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.

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

	<u>AGENCY</u>			<u>TOTAL</u>	
	<u>SCHOLARSHIP TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 990	\$ 45,618	\$ 54,788	\$ 101,396	\$ 101,914
Investments	12,703			12,703	12,703
<b>Total Assets</b>	<u>13,693</u>	<u>45,618</u>	<u>54,788</u>	<u>114,099</u>	<u>114,617</u>
<b>LIABILITIES</b>					
Due to General Fund			2,157	2,157	293
Deductions Payable			36,261	36,261	38,415
Due to Student Groups		45,618		45,618	45,923
Flexible Spending Reserve			16,370	16,370	16,320
<b>Total Liabilities</b>		<u>45,618</u>	<u>54,788</u>	<u>100,406</u>	<u>100,951</u>
<b>NET POSITION</b>					
Reserved for Scholarships	13,693			13,693	13,666
<b>Total Net Position</b>	<u>\$ 13,693</u>	<u>\$</u>	<u>\$</u>	<u>\$ 13,693</u>	<u>\$ 13,666</u>



**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**SCHOLARSHIP TRUST**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**OPERATING REVENUES**

Local Sources	
Interest on Investments	\$ 27
Receipts	
	<hr/>
Total Operating Revenue	27
	<hr/>

**OPERATING EXPENDITURES**

Awards	-
	<hr/>
Total Operating Expenditures	-
	<hr/>
Change in Net Position	27
Net Position - July 1, 2019	13,666
	<hr/>
Net Position - June 30, 2020	\$ 13,693
	<hr/> <hr/>

**UPPER PITTSBORO 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, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 45,923	\$ 51,798	\$ 52,103	\$ 45,618
Total Assets	<u>\$ 45,923</u>	<u>\$ 51,798</u>	<u>\$ 52,103</u>	<u>\$ 45,618</u>
<b>LIABILITIES</b>				
Due to Student Groups	\$ 45,923	\$ 51,798	\$ 52,103	\$ 45,618
Total Liabilities	<u>\$ 45,923</u>	<u>\$ 51,798</u>	<u>\$ 52,103</u>	<u>\$ 45,618</u>

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 55,028	\$ 3,549,397	\$ 3,549,636	\$ 54,788
Total Assets	<u>\$ 55,028</u>	<u>\$ 3,549,397</u>	<u>\$ 3,549,636</u>	<u>\$ 54,788</u>
<b>LIABILITIES</b>				
Net Payroll	\$	\$ 1,921,304	\$ 1,921,304	\$
Interfunds Payable	293	1,864		2,157
Payroll Deductions and Withholdings	38,415	1,609,794	1,611,947	36,261
Flexible Spending Reserve	16,320	16,435	16,385	16,370
Total Liabilities	<u>\$ 55,028</u>	<u>\$ 3,549,397</u>	<u>\$ 3,549,636</u>	<u>\$ 54,788</u>

**STATISTICAL SECTION**

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*  
*(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>
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 2,681,839	\$ 3,054,431	\$ 3,335,484	\$ 3,231,987	\$ 3,312,866	\$ 3,092,769	\$ 3,164,232	\$ 3,104,739	\$ 2,967,175	\$ 2,665,040
Restricted	576,300	558,640	521,818	768,733	658,946	795,650	1,038,758	922,895	809,730	1,289,781
Unrestricted (Deficit)	(128,763)	(106,200)	(157,506)	(222,560)	(1,603,342)	(1,546,710)	(1,677,070)	(1,756,099)	(1,719,977)	(1,542,701)
<b>Total Governmental Activities Net Position</b>	<u>\$ 3,129,376</u>	<u>\$ 3,506,871</u>	<u>\$ 3,699,796</u>	<u>\$ 3,778,160</u>	<u>\$ 2,368,470</u>	<u>\$ 2,341,709</u>	<u>\$ 2,525,920</u>	<u>\$ 2,271,535</u>	<u>\$ 2,056,928</u>	<u>\$ 2,412,120</u>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 21,282	\$ 18,876	\$ 16,470	\$ 14,064	\$ 11,194	\$ 9,500	\$ 8,745	\$ 7,990	\$ 18,502	\$ 11,050
Restricted										
Unrestricted (Deficit)	29,351	43,283	52,591	56,729	64,809	79,136	96,452	23,093	9,498	(2,430)
<b>Total Business-Type Activities Net Position</b>	<u>\$ 50,633</u>	<u>\$ 62,159</u>	<u>\$ 69,061</u>	<u>\$ 70,793</u>	<u>\$ 76,003</u>	<u>\$ 88,636</u>	<u>\$ 105,197</u>	<u>\$ 31,083</u>	<u>\$ 28,000</u>	<u>\$ 8,620</u>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 2,703,121	\$ 3,073,307	\$ 3,351,954	\$ 3,246,051	\$ 3,324,060	\$ 3,102,269	\$ 3,172,977	\$ 3,112,729	\$ 2,985,677	\$ 2,676,090
Restricted	576,300	558,640	521,818	768,733	658,946	795,350	1,038,758	922,895	809,730	1,289,781
Unrestricted (Deficit)	(99,412)	(62,917)	(104,915)	(165,831)	(1,538,533)	(1,467,574)	(1,580,618)	(1,733,006)	(1,710,479)	(1,545,131)
<b>Total District-Wide Net Position</b>	<u>\$ 3,180,009</u>	<u>\$ 3,569,030</u>	<u>\$ 3,768,857</u>	<u>\$ 3,848,953</u>	<u>\$ 2,444,473</u>	<u>\$ 2,430,045</u>	<u>\$ 2,631,117</u>	<u>\$ 2,302,618</u>	<u>\$ 2,084,928</u>	<u>\$ 2,420,740</u>

Source: CAFR Schedule A-1



**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*  
*(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>
General Fund										
Restricted	\$ 599,216	\$ 567,091	\$	\$	\$	\$	\$	\$	\$	\$
Capital Reserve			28,603	28,828	29,053	79,278	259,503	89,728	154,953	455,178
Maintenance Reserve			100,000	200,000	200,000	300,000	300,000	300,225	300,250	445,416
Excess Surplus			164,137	170,920	173,713	174,948	74,307	78,466	76,061	113,126
Tuition Reserve			60,000	60,000	60,000	60,000	100,000	100,000	100,000	100,000
Committed to Encumbrances			39,677	140,086	9,686	2,986	77,868	38,459	1,192	162,879
Assigned:										
Capital Reserve							70,000	170,000		
Tuition Reserve							60,000	100,000	100,000	100,000
Excess surplus			165,076	164,137	170,920	173,713	174,948	74,307	78,466	76,061
Designated for Subsequent Year's Expenditures			4,002	5,165	6,796	6,075	5,469	36,367	40,986	56,955
Unrestricted (Deficit)	(30,514)	(49,996)	(58,910)	(78,684)	(74,790)	(90,741)	(61,010)	(51,385)	(9,436)	(11,348)
<b>Total General Fund</b>	<u>\$ 568,702</u>	<u>\$ 517,095</u>	<u>\$ 502,585</u>	<u>\$ 690,452</u>	<u>\$ 575,378</u>	<u>\$ 706,259</u>	<u>\$ 1,061,085</u>	<u>\$ 936,167</u>	<u>\$ 842,472</u>	<u>\$ 1,498,267</u>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Projects Fund					9,228			10,169		
Unrestricted, Reported in:										
Special Revenue Fund (Deficit)	(1,650)		(1,650)	(1,650)	(1,650)	(1,650)	(1,650)	(1,650)	(1,650)	(1,650)
Debt Service Fund			47	1,247	1,200	72,800	72,800			
<b>Total All Other Governmental Funds</b>	<u>\$ (1,650)</u>	<u>\$</u>	<u>\$ (1,603)</u>	<u>\$ (403)</u>	<u>\$ 8,778</u>	<u>\$ (1,650)</u>	<u>\$ 71,150</u>	<u>\$ 81,319</u>	<u>\$ (1,650)</u>	<u>\$ (1,650)</u>

Source: CAFR Schedule B-1





**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<b>Fiscal Year Ended June 30,</b>	<b>Interest on Investments</b>	<b>Tuition Revenue</b>	<b>Transportation</b>	<b>Sale of Assets</b>	<b>Rentals</b>	<b>Prior Year Adjustments</b>	<b>Utility Company Rebate</b>	<b>Misc.</b>	<b>Total</b>
2020	\$ 5,605	\$ 12,150	\$ 32,883	\$	\$ 54,760	\$	\$	\$ 62,341	\$ 167,739
2019	5,395	108,083	82,045		53,685			22,391	271,599
2018	5,035	21,895	73,794		53,685			49,707	204,116
2017	4,959	24,322	51,111		52,632			5,191	138,215
2016	4,704	36,696	72,348		57,446			2,151	173,345
2015	4,339	34,319	63,780		52,632			7,310	162,380
2014	4,094	21,622	61,094		51,600	898		39,263	178,571
2013	3,075	21,204	54,703		33,758			2,848	115,588
2012	2,930	44,729	57,450		33,096	5,159		10,459	153,823
2011	3,090	41,050	32,079		32,448	977		8,270	117,914

Source: District Records

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<b>Fiscal Year Ended June 30,</b>	<b>Vacant Land</b>	<b>Residential</b>	<b>Farm Regular</b>	<b>Qfarm</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Total Assessed Value</b>	<b>Public Utilities <sup>a</sup></b>	<b>Net Valuation Taxable</b>	<b>Total Direct School Tax Rate <sup>b</sup></b>	<b>Estimated Actual (County Equalized Value)</b>
2020	\$ 5,752,300	\$ 208,405,000	\$ 87,009,800	\$ 10,772,200	\$ 28,159,900	\$ 1,493,100	\$ 341,592,300	\$	\$ 341,592,300	\$ 1.307	\$ 315,495,540
2019	7,355,801	209,859,400	84,055,380	11,019,900	23,588,900	1,480,000	337,359,381		337,359,381	1.297	315,495,540
2018	7,726,301	209,681,100	84,137,700	11,022,900	23,694,400	1,480,000	338,232,701		338,232,701	1.249	306,592,594
2017	7,735,201	210,800,800	83,397,000	11,025,300	23,794,400	1,480,000	338,232,701	869,843	339,102,544	1.241	316,341,845
2016	8,817,800	212,154,800	83,088,100	11,006,800	23,411,100	1,480,000	339,958,600	899,152	340,857,752	1.213	315,272,744
2015	8,898,400	213,983,700	82,275,100	10,961,500	23,411,100	1,480,000	341,009,800	915,624	341,925,424	1.204	304,697,278
2014	9,150,100	214,662,600	80,934,000	10,962,200	22,776,100	1,480,000	339,965,000	1,088,069	341,053,069	1.184	300,386,187
2013	9,270,100	214,371,400	80,722,000	10,947,700	23,024,800	1,480,000	339,816,000	1,226,464	341,042,464	1.128	306,252,213
2012	9,833,300	216,939,700	80,071,200	10,940,100	22,961,800	1,480,000	342,226,100	1,354,299	343,580,399	1.128	329,316,878
2011	9,974,400	218,658,600	78,941,600	10,913,400	21,761,000	1,480,000	341,729,000	1,437,138	343,166,138	1.129	363,172,724

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

**c** Estimate

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

Year Ended June 30,	Upper Pittsgrove Township Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	From J-6 Total Direct School Tax Rate	Upper Pittsgrove Township	Salem County	
2020	\$ 1.307	\$ 0.000	\$ 1.307	\$ 0.212	\$ 1.204	\$ 2.723
2019	1.297	0.000	1.297	0.201	1.134	2.632
2018	1.241	0.000	1.241	0.178	1.092	2.511
2017	1.241	0.000	1.241	0.173	1.015	2.429
2016	1.192	0.021	1.213	0.173	1.015	2.401
2015	1.183	0.021	1.204	0.169	0.891	2.264
2014	1.163	0.021	1.184	0.169	0.834	2.187
2013	1.033	0.095	1.128	0.147	0.873	2.148
2012	1.032	0.096	1.128	0.118	0.912	2.158
2011	1.032	0.097	1.129	0.099	0.872	2.100

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 the Net Valuation Taxable.

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
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
Third Garden Park Limited Partners	\$ 2,650,000	0.78%	\$ 1,650,000	0.48%
176 Harding LLC	2,089,600	0.61%		
Taxpayer #1	1,924,300	0.56%	2,000,000	0.58%
Larchmont Farms, Inc	1,904,000	0.56%	925,000	0.27%
Round About Equipment LLC	1,813,200	0.53%		
R M Sickler Sons Farm, LLC	1,533,600	0.45%		
NJ Bell Telephone	1,437,600	0.42%	1,809,844	0.52%
Taxpayer #2	1,203,300	0.35%	1,600,000	0.46%
Atlantic City Electric Co	1,199,200	0.35%	1,480,000	0.43%
Catanese Pole Tavern Assoc. LLC	1,199,200	0.35%		
Bell Atlantic- New Jersey, Inc			1,200,000	0.35%
Avis Garage Inc.			1,025,000	0.30%
Farm-Rite			1,000,000	0.29%
DWA LLC			875,000	0.25%
<b>Total</b>	<b>\$ 16,954,000</b>	<b>4.96%</b>	<b>\$ 13,564,844</b>	<b>3.41%</b>

Source: District CAFR & Municipal Tax Assessor

**UPPER PITTSBORO 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	\$ 4,376,989	\$ 4,376,989	100%	\$
2019	4,218,366	4,218,366	100%	
2018	4,063,102	4,063,102	100%	
2017	4,063,102	4,063,102	100%	
2016	4,043,102	4,043,102	100%	
2015	3,965,591	3,965,591	100%	
2014	3,776,190	3,776,190	100%	
2013	3,872,503	3,872,503	100%	
2012	4,114,702	4,114,702	100%	
2011	3,882,858	3,882,858	100%	

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2020	\$	\$	\$	\$	\$		\$
2019							
2018							
2017		60,427			60,427	0.04%	18
2016		127,190			127,190	0.08%	38
2015	70,000	210,912			280,912	0.18%	83
2014	135,000	291,532			426,532	0.29%	123
2013	195,000	161,187			356,187	0.25%	104
2012	655,000	60,427			715,427	0.50%	207
2011	1,105,000	301,542			1,406,542	0.97%	405

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

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

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2020	\$	\$	\$	\$	
2019					
2018					
2017					
2016					
2015	70,000		70,000	0.02%	20
2014	135,000		135,000	4.00%	39
2013	195,000		195,000	0.06%	57
2012	655,000		655,000	0.20%	189
2011	1,105,000		1,105,000	0.30%	318

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

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

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

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2020**  
*(UNAUDITED)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> <sup>a</sup>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Upper Pittsgrove Township	\$ -	100%	\$ -
Salem County	38,650,075	6.32%	2,442,010
<b>Other debt</b>			
Subtotal, Overlapping Debt			<u>2,442,010</u>
Upper Pittsgrove Township School District Direct Debt		<sup>b</sup>	-
<b>Total Direct and Overlapping Debt</b>			<u>\$ 2,442,010</u>

**Sources:** Upper Pittsgrove Township Finance Officer, Salem 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 Upper Pittsgrove. 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.

**b** Includes Capital Leases



**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized Valuation Basis
2019	\$ 331,361,734
2018	315,853,737
2017	307,037,673
	<u>[A] \$ 954,253,144</u>
Average Equalized Valuation of Taxable Property	[A/3] \$ 318,084,381
Debt Limit (3% of Average Equalization Value)	[B] 9,542,531 a
Net Bonded School Debt	[C] -
Legal Debt Margin	<u>[B-C] \$ 9,542,531</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 10,365,246	\$ 10,096,895	\$ 6,361,536	\$ 9,331,696	\$ 9,052,822	\$ 9,142,147	\$ 6,342,037	\$ 9,412,413	\$ 9,408,475	\$ 9,542,531
Total Net Debt Applicable to Limit	<u>1,105,000</u>	<u>655,000</u>	<u>195,000</u>	<u>135,000</u>	<u>70,000</u>					
Legal Debt Margin	<u>\$ 9,260,246</u>	<u>\$ 9,441,895</u>	<u>\$ 6,166,536</u>	<u>\$ 9,196,696</u>	<u>\$ 8,982,822</u>	<u>\$ 9,142,147</u>	<u>\$ 6,342,037</u>	<u>\$ 9,412,413</u>	<u>\$ 9,408,475</u>	<u>\$ 9,542,531</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.7%	6.5%	3.1%	1.4%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%

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

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

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2020	** 3,321	\$ 161,399,354	\$ 48,593	3.80%
2019	3,355	162,037,689	48,544	4.00%
2018	3,360	151,627,582	48,496	4.60%
2017	3,356	152,350,695	46,435	4.10%
2016	3,364	151,119,966	45,690	4.90%
2015	3,385	152,656,730	45,098	5.80%
2014	3,404	149,562,676	43,087	6.70%
2013	3,427	144,160,182	42,066	8.80%
2012	3,458	144,108,692	41,674	9.70%
2011	3,472	145,390,000	41,875	8.90%

\*\* Estimate

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

**UPPER PITTSBORO 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>
PSEG Nuclear	1,500	5.51%		
Mannington Mills	800	2.94%		
Memorial Hospital of Salem County	720	2.65%		
El duPont	685	2.52%		
McLane NJ	401	1.47%		NOT AVAILABLE
RE Pierson Construction	400	1.47%		
Inspira Health Network	400	1.47%		
Ardagh Group (Anchor Glass)	376	1.38%		
Larchmont Farms	275	1.01%		
Walmart	250	0.92%		
Salem County Community College	180	0.66%		
B & B Poultry Co., Inc.	175	0.64%		
Atlantis Rehabilitation	170	0.63%		
Southgate Healthcare Center	170	0.63%		
Home Care & Hospice Care of SJ	160	0.59%		
Ross Fogg Fuel Oil, Inc.	160	0.59%		
CFJ Properties	150	0.55%		

**Source:** Salem County Economic Resource Guide

\* Salem County

**UPPER PITTSBORO 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	30.0	25.5	25.5	30	30	27	29	26	26	28.5
Special Education	6.0	13.0	12.0	6.0	5.0	6.0	5.0	6.5	6.5	2.2
Other Special Education	0.0									
Other Instruction						2.0	3.0	3.0	3.0	
Support Services:										
Tuition										
Student & Instruction Related Services	9.0	7.2	7.3	11	10	9.0	8.0	11.0	10.0	6.0
General Administrative Services	4.0	3.6	3.6	3.6	3.6	3.0	3.0	3.0	3.0	3.0
School Administrative Services	0.5	0.6	0.6	0.6	0.6	2.0	2.0	2.0	2.0	2.0
Business Administrative Services				3						
Plant Operations and Maintenance	3.0	3.0	3.0	8.5	8.5	3.0	3.0	3.5	4.5	4.5
Pupil Transportation	8.0	8.0	8.0			2.0	2.0	3.0	3.0	3.0
Food Service						7.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>60.5</b>	<b>60.9</b>	<b>60.0</b>	<b>62.7</b>	<b>57.7</b>	<b>61.0</b>	<b>55.0</b>	<b>57.8</b>	<b>57.8</b>	<b>49.2</b>

**Source:** District Personnel Records

**UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2020	332	\$ 8,289,878	\$ 24,970	0.02	30.7	10.3 : 1	6.1 : 1	290.0	276.0	-11.043%	95.17%
2019	317	9,175,395	28,944	0.18	35.5	11.2 : 1	7.3 : 1	298.0	290.4	-8.589%	97.45%
2018	327	8,942,466	27,347	0.22	35.3	11.7 : 1	10.1 : 1	326.0	312.0	-3.920%	95.71%
2017	339	8,149,412	24,040	0.15	37.0	11.7:1	10.1:1	339.3	322.7	-4.153%	95.11%
2016	338	8,306,334	24,575	0.10	33.0	8.7:1	11:4:1	354.0	329.3	-0.924%	93.02%
2015	367	8,201,004	22,346	0.14	35.0	8.5:1	6.5:1	357.3	333.9	1.853%	93.45%
2014	373	7,766,553	20,822	0.06	36.0	8.6:1	6.5:1	350.8	335.4	-3.890%	95.61%
2013	388	7,608,450	19,609	0.00	37.5	9.5 : 1	7.5 : 1	365.0	354.2	10.539%	97.04%
2012	379	7,408,448	19,547	0.08	38.5	9.72 : 1	9.71 : 1	330.2	315.6	-12.738%	95.58%
2011	383	6,920,489	18,069	0.04	37	6.3 : 1	4 : 1	378.4	361.2	-3.247%	95.45%

**Sources:** District records, ASSA and Schedules J-12, J-14

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- 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).

UPPER PITTSBORO 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>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Square Feet	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828
Capacity (students)	375	375	375	375	375	375	375	375	375	375
Enrollment	2,012	2,013	388	373	367	338	339	327	317	332

Number of Schools at June 30, 2020  
Elementary = 1

**Source:** District records, ASSA

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY  
LAST TEN FISCAL YEARS  
*(UNAUDITED)*

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

<u>School Facilities</u>	<u>Gross Square Footage</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>
Upper Pittsgrove Township School	64,828	\$ 42,248	\$ 46,823	\$ 58,524	\$ 61,834	\$ 55,093	\$ 48,103	\$ 37,282	\$ 43,219	\$ 42,917	\$ 24,775
Total School Facilities		<u>42,248</u>	<u>46,823</u>	<u>58,524</u>	<u>61,834</u>	<u>55,093</u>	<u>48,103</u>	<u>37,282</u>	<u>43,219</u>	<u>42,917</u>	<u>24,775</u>
Other Facilities											
Grand Total		<u>\$ 42,248</u>	<u>\$ 46,823</u>	<u>\$ 58,524</u>	<u>\$ 61,834</u>	<u>\$ 55,093</u>	<u>\$ 48,103</u>	<u>\$ 37,282</u>	<u>\$ 43,219</u>	<u>\$ 42,917</u>	<u>\$ 24,775</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
*(UNAUDITED)*

Company	Type of Coverage	Coverage	Deductible
<b>NJ School Board Assoc Insurance Group</b>	Property Blanket Building & Contents	\$ 19,369,092	\$ 5,000
	Electronic Data Processing		
	Hardware and Software	520,000	1,000
	Computer Virus	250,000	
	Commercial General Liability		
	Products Completed Operations Aggregate Limit	6,000,000	
	Personal and Advertising Injury Limit	6,000,000	
	Bodily Injury & Property Damage	6,000,000	
	Sexual Abuse	6,000,000	
	Sexual Abuse - Annual NJSIG Aggregate	17,000,000	
	Employee Benefits Liability	6,000,000	1,000
	Premises Medical Payments (per accident)	10,000	
		5,000	per person limit
	Commercial Crime Section		
	Employee Dishonesty Coverage	100,000	1,000
	Business Automobile/General Liability		
	Combined Single Limit	6,000,000	1,000
	Board of Education Legal Liability		
	Aggregate for Each Annual Policy Year	6,000,000	
Insured Retained Limit (each loss)	5,000		
Workmen's Compensation			
Bodily Injury - Each Accident/Disease	3,000,000		
Bodily Injury - Each Employee	3,000,000		
Maximum Coverage	3,000,000		
<b>Ironshore Speciality Ins. Co.</b>	Pollution Legal Liability Coverage		
	Each Pollution Event	1,000,000	50,000
	Shared Program Limit	11,000,000	annual aggregate
<b>United States Fire Insurance Company</b>	Catastrophic Student Accident Policies		
	Accident Medical Expense - Max Benefit Amount	5,000,000	25,000
	Catastrophic Cash Benefit - Max Benefit Amount	500,000	
<b>Berkley Ins Co</b>	Basic Student Accident Policy	1,000,000	
	Surety Bonds		
<b>Selective Insurance Co</b>	Treasurer	172,000	
<b>Ohio Casualty Ins. Co</b>	Business Administrator	35,000	

Source: District Records



**SINGLE AUDIT SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

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*Certified Public Accountants*

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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  
Upper Pittsgrove Township School District  
County of Salem, New Jersey 08079

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 Upper Pittsgrove Township School District, in the County of Salem, 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 Upper Pittsgrove Township School District's basic financial statements, and have issued our report thereon dated December 18, 2020.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Upper Pittsgrove 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 Upper Pittsgrove Township Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Upper Pittsgrove 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. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be material, labeled 2020-1.

*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.

### **Upper Pittsgrove Township Board of Education's Response to Findings**

Upper Pittsgrove Township Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Upper Pittsgrove Township Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Upper Pittsgrove 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 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 Upper Pittsgrove 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 18, 2020

# NIGHTLINGER, COLAVITA & VOLPA

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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  
Upper Pittsgrove Township School District  
County of Salem, New Jersey 08079

#### Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, 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 Upper Pittsgrove Township School District's major federal and state programs for the fiscal year ended June 30, 2020. The Upper Pittsgrove 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 Upper Pittsgrove 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; 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 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 Upper Pittsgrove 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. Our audit does not provide a legal determination of Upper Pittsgrove Township Board of Education's compliance.

## Opinion on Each Major Federal and State Program

In our opinion, the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, 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 Upper Pittsgrove 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 Upper Pittsgrove 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 Upper Pittsgrove 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. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be material, labeled 2020-1.

*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 identify one deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs and reported to the Board of Education in a separate report entitled ***Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance*** dated December 18, 2020, that we consider to be a material weakness, labeled 2020-1.

Upper Pittsgrove Township Board of Education's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Upper Pittsgrove Township Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

This report is intended solely for the information and use of management, the Upper Pittsgrove 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**

A handwritten signature in black ink, appearing to read 'R. Colavita', written over a horizontal line.

Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915  
December 18, 2020

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

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Balance at June 30, 2020		
					From	To	(Accounts Receivable)	Unearned Revenue						(Accounts Receivable)	Unearned Revenue	Due to Grantor
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education:</b>																
Special Revenue Fund:																
E.S.E.A																
Title I, Part A	84.010	S010A190030	ESEA532020	\$ 78,190	7/1/19	9/30/20				\$78,190	(\$78,190)		(\$78,190)			
Title II, Part A	84.367A	S367A190029	ESEA532020	15,279	7/1/19	9/30/20				15,279	(15,279)		(15,279)			
Title IV	84.424	S424A190031	ESEA532020	10,000	7/1/19	9/30/20				10,000	(10,000)		(10,000)			
IDEA Cluster:																
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	IDEA532020	96,997	7/1/19	9/30/20				96,997	(96,997)		(96,997)			
I.D.E.A. Part B, Pre-School	84.173	H173A190114	IDEA532020	3,632	7/1/19	9/30/20				3,632	(3,632)		(3,632)			
CARES ACT 2020/ESSER	84.425D	S425D200027	CARES0950-20	117,710	3/13/20	9/30/22					(6,347)		(6,347)	(\$6,347)		
REAP	84.358A	S358A183108	REAP532020	34,852	7/1/19	9/30/20				21,446	(21,446)		(21,446)			
Total Special Revenue Fund										225,544	(231,891)		(231,891)	(6,347)		
<b>U.S. Department of Agriculture</b>																
<b>Passed-through State Department of Education:</b>																
Enterprise Fund:																
Non-Cash Assistance:																
Food Distribution Program	10.565	Unknown	N/A	7,777	7/1/19	6/30/20				7,777	(6,450)		(6,450)		\$1,327	
Food Distribution Program	10.565	Unknown	N/A	8,991	7/1/18	6/30/19		\$529			(529)		(529)			
Child Nutrition Cluster:																
Cash Assistance:																
National School Lunch Program	10.555	201NJ304N1099	N/A	31,441	7/1/19	6/30/20				28,448	(31,441)		(31,441)	(2,993)		
National School Lunch Program	10.555	191NJ304N1099	N/A	33,792	7/1/18	6/30/19	(\$1,558)			1,558						
School Breakfast Program	10.553	201NJ304N1099	N/A	12,262	7/1/19	6/30/20				10,370	(12,262)		(12,262)	(1,892)		
School Breakfast Program	10.553	191NJ304N1099	N/A	9,708	7/1/18	6/30/19	(481)			481						
Total Enterprise Fund										(2,039)	529		(50,682)	(4,885)	1,327	
Total Federal Financial Awards										(\$2,039)	\$529	\$274,178	(\$282,573)	(\$282,573)	(\$11,232)	\$1,327

(A) There were no awards passed through to sub-recipients.

See accompanying notes to schedules of financial assistance

These funds were not audited in accordance with the Uniform Guidance since the total of all grant expenditures did not exceed \$750,000.

**TOWNSHIP OF UPPER PITTSBORO 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			Balances at June 30, 2020			MEMO			
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>														
General Fund:														
Equalization Aid	20-495-034-5120-078	\$2,461,798	7/1/19	6/30/20				\$2,225,251	\$(2,461,798)			*	\$236,547	\$2,461,798
Equalization Aid	19-495-034-5120-078	2,602,252	7/1/18	6/30/19	\$(237,251)		237,251							
Special Education Categorical Aid	20-495-034-5120-089	300,139	7/1/19	6/30/20			271,299	(300,139)		(28,840)		*	28,840	300,139
Special Education Categorical Aid	19-495-034-5120-089	300,139	7/1/18	6/30/19	(27,364)		27,364							
Transportation Aid	20-495-034-5120-014	271,073	7/1/19	6/30/20			245,026	(271,073)		(26,047)		*	26,047	271,073
Transportation Aid	19-495-034-5120-014	271,073	7/1/18	6/30/19	(24,714)		24,714							
Security Aid	20-495-034-5120-084	55,469	7/1/19	6/30/20			50,139	(55,469)		(5,330)		*	5,330	55,469
Security Aid	19-495-034-5120-084	55,469	7/1/18	6/30/19	(5,057)		5,057							
School Choice	20-495-034-5120-068	199,022	7/1/19	6/30/20			179,899	(199,022)		(19,123)		*	19,123	199,022
School Choice	19-495-034-5120-068	241,364	7/1/18	6/30/19	(22,005)		22,005							
Nonpublic Transportation Aid	19-495-034-5120-014	5,220	7/1/18	6/30/19	(5,220)		5,220							
Extraordinary Aid	20-495-034-5120-044	54,539	7/1/19	6/30/20				(54,539)		(54,539)		*		54,539
Extraordinary Aid	19-495-034-5120-044	51,375	7/1/18	6/30/19	(51,735)		51,735							
Reimbursed TPAF Social Security Contrib.	20-495-034-5094-003	174,416	7/1/19	6/30/20			173,707	(174,416)		(709)		*		174,416
On Behalf TPAF Pension Contribution	20-495-034-5094-002	545,527	7/1/19	6/30/20			545,527	(545,527)				*		545,527
On Behalf TPAF Post Retire Med'l. Contrib.	20-495-034-5094-001	202,380	7/1/19	6/30/20			202,380	(202,380)				*		202,380
On Behalf TPAF LTDI (non-budgeted)	20-495-034-5094-004	333	7/1/19	6/30/20			333	(333)				*		333
<b>Total General Fund</b>					<b>(373,346)</b>		<b>4,266,907</b>	<b>(4,264,696)</b>		<b>(371,135)</b>			<b>315,887</b>	<b>4,264,696</b>
<b>Special Revenue Fund:</b>														
Preschool Education Aid	20-495-034-5120-086	16,500	7/1/19	6/30/20			14,850	(16,500)		(1,650)		*	1,650	
Preschool Education Aid	19-495-034-5120-086	16,500	7/1/18	6/30/19	(1,650)		1,650							16,500
<b>Total Special Revenue Fund</b>					<b>(1,650)</b>		<b>16,500</b>	<b>(16,500)</b>		<b>(1,650)</b>			<b>1,650</b>	<b>16,500</b>
<b>State Department of Agriculture</b>														
Enterprise Fund:														
State School Lunch Program	20-100-010-3350-023	1,067	7/1/19	6/30/20			774	(1,067)		(293)		*		1,067
State School Lunch Program	19-100-010-3350-023	1,078	7/1/18	6/30/19	(50)		50							
<b>Total Enterprise Fund</b>					<b>(50)</b>		<b>824</b>	<b>(1,067)</b>		<b>(293)</b>				<b>1,067</b>
<b>Total State Financial Assistance</b>					<b>\$(375,046)</b>		<b>\$4,284,231</b>	<b>\$(4,282,263)</b>		<b>\$(373,078)</b>			<b>\$317,537</b>	<b>\$4,282,263</b>
<b>Less: On-Behalf TPAF Pension System Contributions</b>														
On Behalf TPAF Pension Contribution	20-495-034-5094-002	545,527	7/1/19	6/30/20			\$545,527	\$(545,527)						
On Behalf TPAF Post Retire Med'l. Contrib.	20-495-034-5094-001	202,380	7/1/19	6/30/20			202,380	(202,380)						
On Behalf TPAF LTDI (non-budgeted)	20-495-034-5094-004	333	7/1/19	6/30/20			333	(333)						
<b>Total State Financial Assistance - Major Program Determinations</b>							<b>\$3,535,991</b>	<b>\$(3,534,023)</b>						

See accompanying notes to schedules of financial assistance



**UPPER PITTSBORO 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, Upper Pittsgrove 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 are 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 2 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 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 also recognizes the one or more state aid 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 \$504 for the general fund and \$0 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:

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2020**  
**(Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 4,265,200	\$ 4,265,200
Special Revenue Fund	231,891	16,500	248,391
Food Service Fund	<u>50,682</u>	<u>1,067</u>	<u>51,749</u>
Total Financial Assistance	\$ <u>282,573</u>	\$ <u>4,282,767</u>	\$ <u>4,565,340</u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING**

The District did not have any outstanding loans.

**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: SCHOOLWIDE PROGRAM FUNDS**

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

**NOTE 8: ADJUSTMENTS**

There were no adjustments regarding the prior year state aid receivable.

**UPPER PITTSBORO 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?  X  yes \_\_\_\_\_ no

2) Significant deficiencies identified? \_\_\_\_\_ yes  X  none reported

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 (section .518): **N/A**

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no



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

**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: 2020-1 (AMR Finding 2020-1)**

**Criteria or specific requirement:** The District is required to review all open orders at year-end, in order to determine the proper classification of orders as Reserve for Encumbrances or Accounts Payable.

**Condition:** The District's accounting system did not provide a year-end closeout report, listing open orders broken out by encumbrances or accounts payable, without extending an analysis to the subsequent year's orders rolled over.

**Context:** The District's accounting system does not provide the year-end report necessary to provide the open order information.

**Effect:** It was necessary to further analyze open orders utilizing the subsequent year's File.

**Cause:** An additional byproduct report has not as yet been acquired from the software provider.

**Recommendation:** The District should pursue the processing of an additional report of open orders, as part of the year-end closeout process, in order to provide the necessary breakout between encumbrances and accounts payable.

**Views of responsible officials and planned corrective actions:** Officials are in agreement with the finding.

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

**Section III - Federal Awards/ 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

**STATE AWARDS**

**Finding: 2020-1 (AMR Finding 2020-1)**

**Information on the state program:**

20-495-034-5120-078	Equalization Aid
20-495-034-5120-089	Special Education Categorical Aid
20-495-034-5120-084	Security Aid
20-495-034-5120-068	School Choice Aid

**Criteria or specific requirement:** The District is required to review all open orders at year-end, in order to determine the proper classification of orders as Reserve for Encumbrances or Accounts Payable.

**Condition:** The District's accounting system did not provide a year-end closeout report, listing open orders broken out by encumbrances or accounts payable, without extending an analysis to the subsequent year's orders rolled over.

**Questioned Costs:** None

**Context:** The District's accounting system does not provide the year-end report necessary to provide the open order information.

**Effect:** It was necessary to further analyze open orders utilizing the subsequent year's File.

**Cause:** An additional byproduct report has not as yet been acquired from the software provider.

**Recommendation:** The District should pursue the processing of an additional report of open orders, as part of the year-end closeout process, in order to provide the necessary breakout between encumbrances and accounts payable.

**Views of responsible officials and planned corrective actions:** Officials are in agreement with the finding.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS  
PREPARED BY MANAGEMENT  
FOR THE 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**

There were no prior year findings.