

**LOPATCONG TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2021**

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



**LOPATCONG TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2021**

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

**Dr. Debra Mercora**  
**Superintendent**

**Mr. Bert Arifaj**  
**School Business Administrator**

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February 16, 2022

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

Dear Honorable President and Board Members:

The Annual Comprehensive Financial Report of the Lopatcong Township School District for the fiscal year ending June 30, 2021 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present, fairly, the financial position and results of the operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels preschool to twelve as well as special education. The District completed the 2020-2021 fiscal year with an average daily enrollment of 695.8 students, which is a 4.95% decrease from the previous year's enrollment. The following details the change in the student enrollment of the over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2011-2012	885.9	(3.44%)
2012-2013	872.8	(1.48%)
2013-2014	854.4	(2.11%)
2014-2015	828.8	(3.00%)
2015-2016	846.0	2.08%
2016-2017	802.3	(5.17%)
2017-2018	760.8	(5.17%)
2018-2019	732.6	(3.71%)
2019-2020	732.0	(0.08%)
2020-2021	695.8	(4.95%)

2. **ECONOMIC CONDITION AND OUTLOOK:** The Lopatcong Township School District recognizes the ever-changing environment in the financing of education in the State of New Jersey. The School Funding Reform Act of 2008, reduction of State Aid and the potential for failed budgets, do present a challenge now and for future years. The Lopatcong Township Board of Education, along with the staff, believes it will continue to provide a comprehensive education for all of its children. Exceptional instructional programs continue to be offered and reviewed on a regular basis for improvement. Students in grades three through eight scored comparably with the District factor group and State averages on the New Jersey State Assessment program in Language Arts and Mathematics.
3. **MAJOR INITIATIVES:** The main initiative for the 2020-2021 school year was to acquire additional technology to support the 21<sup>st</sup> Century Life and Careers Standards as well as to supplement technological activities in all classes. The addition of technology was directly aligned to the District initiative of a Reader’s Workshop and Math Workshop Model in all grades. In addition, technology was infused through the use of Discovery Education Tech Book for Science and Social Studies in grades three through eight. Utilizing funds to procure Google Chromebooks, teachers were better equipped to provide intervention and extension activities for all students with a 1:1 initiative in grades two through eight.

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

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

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

4. **INTERNAL CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in the conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of the costs and benefits requires estimates and judgements by management.

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

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

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

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

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

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

8. **DEBT ADMINISTRATION:** As of June 30, 2021, the District's outstanding debt issue was \$9,510,000 for the construction of the Middle School.

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



10. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.
  
11. **OTHER INFORMATION:**  
**Independent Audit** - State statutes require an annual audit by independent Certified Public Accountants or Registered Municipal Accountants. The District selected the accounting firm of BKC, CPAs, PC. In addition to meeting the requirements set forth in the statute, the audit was also designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. The auditor's report on the general-purpose financial statements and schedules are included in the Financial Section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
  
12. **ACKNOWLEDGMENTS:** We would like to express our sincere appreciation to the members of the Lopatcong Township Board of Education for their dedication to providing fiscal accountability to the citizens and taxpayers of the District and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the District's Staff.

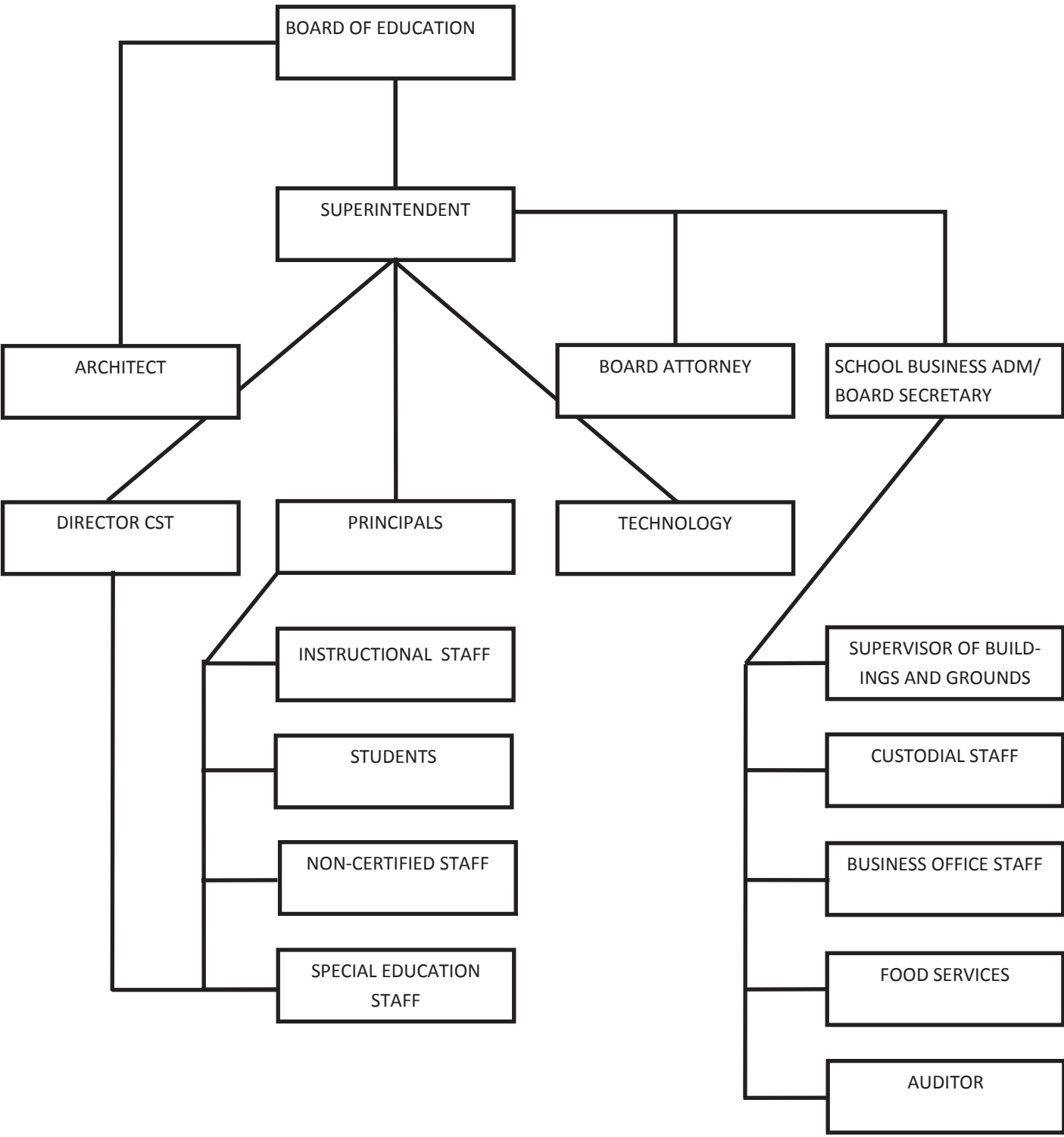
Respectfully Submitted,



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Mr. Bert Arifaj  
School Business Administrator/Board Secretary

Lopatcong Township School District  
Organizational Chart



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**321 Stonehenge Drive**  
**Phillipsburg, NJ 08865**  
**Roster of Officials**  
**June 30, 2021**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Barbara Lance	President	2022
Stephen Ruane	Vice President	2021
Shawn Leahy		2021
Tia Steinhardt		2021
Pamela Thomas		2021
Matthew Herzer		2022
Sandra Moore		2022
Ernie Gallant		2023

<u>Other Officials</u>	<u>Title</u>
Dr. Debra Mercora	Superintendent of Schools
Atilla Sabahoglu (7/1/20-2/28/21)	Board Secretary/School Business Administrator
Bert Arifaj (3/1/21-6/30/21)	Board Secretary/School Business Administrator
Cindy Hanics	School Treasurer

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**321 Stonehenge Drive**  
**Phillipsburg, NJ 08865**  
**Consultants and Advisors**  
**June 30, 2021**

**AUDIT FIRM**

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

**ATTORNEY**

John Comegno  
521 Pleasant Valley Avenue  
Moorestown, NJ 08057

**ARCHITECT**

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

**OFFICIAL DEPOSITORY**

Investors Savings Bank



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lopatcong Township School District (the District) in the County of Warren, as of and for the year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lopatcong Township School District, as of June 30, 2021, 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.

### Change in Accounting Principle

The District adopted new accounting guidance as promulgated by GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

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

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

In our opinion, the combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**BKC, CPAs, PC**



Michael Holk, CPA, PSA  
NO. 20CS00265600

February 16, 2022  
Flemington, New Jersey

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

The discussion and analysis of Lopatcong Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

**Key financial highlights for 2021 are as follows:**

- In total, net position increased \$2,461,715 which represents a 36.78% increase from fiscal year 2020.
- General revenues accounted for \$24,497,889 in revenue or 98.22% of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$442,809 or 1.78% of total revenues of \$24,940,698.
- The School District had \$22,478,983 in expenses; only \$442,809 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$24,497,889 were adequate to provide for these programs.
- Among major funds, the general fund had \$20,184,391 in revenues, \$19,096,324 in expenditures and a \$15,000 transfer out to the food service fund. The general fund's balance increased \$1,073,067 from 2020.

**Using this Annual Comprehensive Financial Report (ACFR)**

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

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



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

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

**Governmental Funds**

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

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

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2021 compared to June 30, 2020.

**Table 1**  
**Net Position**

	06/30/2021	06/30/2020	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 7,576,799	\$ 6,426,299	\$ 1,150,500	17.90%
Capital assets	15,162,084	14,697,327	464,757	3.16%
<b>Total assets</b>	<u>22,738,883</u>	<u>21,123,626</u>	<u>1,615,257</u>	<u>7.65%</u>
<b>Deferred pension activity</b>				
Total deferred outflow of resources	<u>597,367</u>	<u>601,000</u>	<u>(3,633)</u>	<u>-0.60%</u>
<b>Liabilities</b>				
Long-term liabilities	12,433,928	13,288,852	(854,924)	-6.43%
Other liabilities	580,676	512,907	67,769	13.21%
<b>Total liabilities</b>	<u>13,014,604</u>	<u>13,801,759</u>	<u>(787,155)</u>	<u>-5.70%</u>
<b>Deferred pension activity</b>				
Total deferred inflow of resources	<u>1,166,553</u>	<u>1,229,489</u>	<u>(62,936)</u>	<u>-5.12%</u>
<b>Net position</b>				
Net investment in capital assets	5,652,084	4,492,327	1,159,757	25.82%
Restricted	6,301,430	5,865,824	435,606	7.43%
Unrestricted	(2,798,421)	(3,664,773)	866,352	23.64%
<b>Total net position</b>	<u>\$ 9,155,093</u>	<u>\$ 6,693,378</u>	<u>\$ 2,461,715</u>	<u>36.78%</u>

Total assets increased \$1,615,257. Cash and cash equivalents increased by \$894,218, receivables and other assets increased by \$256,282, and capital assets increased by \$464,757. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District, increased by \$866,352.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

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

Table 2 shows the changes in net position for fiscal year ended June 30, 2021 compared to June 30, 2020.

**Table 2**  
**Changes in Net Position**

	06/30/2021	06/30/2020	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Changes for services	\$ 41,123	\$ 198,640	\$ (157,517)	-79.30%
Operating grants	401,686	398,631	3,055	0.77%
General revenues				
Property taxes	14,983,576	14,658,233	325,343	2.22%
Unrestricted grants	9,456,344	7,360,730	2,095,614	28.47%
Other	57,969	67,118	(9,149)	-13.63%
Total revenues	<u>24,940,698</u>	<u>22,683,352</u>	<u>2,257,346</u>	9.95%
Program expenses				
Instruction				
Regular	7,238,452	6,469,867	768,585	11.88%
Special	2,664,845	2,340,805	324,040	13.84%
Other Special	287,398	328,135	(40,737)	-12.41%
Other	2,539	20,957	(18,418)	-87.88%
Support services				
Tuition	6,697,388	6,588,236	109,152	1.66%
Student & instructional related services	1,856,052	1,460,801	395,251	27.06%
General & business administration	883,654	750,427	133,227	17.75%
School administration	575,150	492,891	82,259	16.69%
Plant operations & maintenance	1,273,017	1,256,894	16,123	1.28%
Transportation	587,050	588,642	(1,592)	-0.27%
Food service	52,194	180,707	(128,513)	-71.12%
Childcare program	2,457	31,671	(29,214)	-92.24%
Interest on long term debt	358,787	387,339	(28,552)	-7.37%
Total expenses	<u>22,478,983</u>	<u>20,897,372</u>	<u>1,581,611</u>	7.57%
Increase (decrease) in net position	<u>\$ 2,461,715</u>	<u>\$ 1,785,980</u>	<u>\$ 675,735</u>	37.84%

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
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**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 69.21% of revenues for governmental activities for the Lopatcong Township School District for fiscal year 2021.

Instruction comprises 45.35% of the District's expenses. Support service expenses and interest on debt make up 54.65% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 show the total cost of services and the net cost of services for 2021 and 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2021 compared to June 30, 2020.

**Table 3**  
**Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Instruction	\$ 10,193,234	\$ 9,159,764	\$ 10,047,315	\$ 8,965,076
Support services				
Tuition	6,697,388	6,588,236	6,560,707	6,451,199
Student & instructional staff	1,856,052	1,460,801	1,722,553	1,408,285
General & business				
administration	883,654	750,427	883,654	750,427
School administration	575,150	492,891	575,150	492,891
Plant operations &				
maintenance	1,273,017	1,256,894	1,273,017	1,256,894
Pupil transportation	587,050	588,642	587,050	588,642
Food services	52,194	180,707	25,484	5,378
Childcare program	2,457	31,671	2,457	(6,030)
Interest on long-term debt	358,787	387,339	358,787	387,339
Total expenses	<u>\$ 22,478,983</u>	<u>\$ 20,897,372</u>	<u>\$ 22,036,174</u>	<u>\$ 20,300,101</u>

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
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General administration, school administration and business administration include expenses associated with administrative and financial supervision of the District.

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

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

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

The dependence upon tax revenues is apparent. For all activities general revenue support is 98.22%. The community, as a whole, is the primary support or funding source for the Lopatcong Township School District.

**The School District's Funds**

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$21,650,892 and expenditures of \$20,563,209. The net positive change in fund balance for the year was most significant in the general fund, reflecting an increase of \$1,073,067.

**General Fund Budgeting Highlights**

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

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

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

For the general fund, budgetary basis revenues and other financing sources were \$18,082,995, \$447,546 over original budgeted estimates of \$17,635,449.

The general fund revenues of the School District exceeded expenditures by \$1,064,349. The financial position of the School District highlights the dependency on the tax levy as well as the limitations of the 2% cap.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

**Capital Assets**

At the end of the fiscal year 2021, the School District had \$15,162,084 invested in land, building, furniture and equipment. Table 4 provides a summary of the School District's capital assets net of depreciation for the fiscal year ended June 30, 2021 compared to June 30, 2020.

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

	06/30/2021	06/30/2020	Variance	
			Dollars	Percent
Land	\$ 140,755	\$ 140,755	\$ -	0.00%
Land improvements	32,437	44,414	(11,977)	-26.97%
Building & improvements	14,916,660	14,426,804	489,856	3.40%
Furniture & equipment	72,232	85,354	(13,122)	-15.37%
	<u>\$ 15,162,084</u>	<u>\$ 14,697,327</u>	<u>\$ 464,757</u>	3.16%

Overall capital assets increased by \$464,757 from fiscal year 2020 to fiscal year 2021. Increases in capital assets were offset by depreciation expenses for the year.

**Long-term liabilities**

At June 30, 2021, the School District had \$12,433,928 in long-term liabilities. This amount is detailed in Table 5 below for June 30, 2021 compared to June 30, 2020.

**Table 5**  
**Long-term Liabilities**

	06/30/2021	06/30/2020	Variance	
			Dollars	Percent
Construction of middle school and refunding of 2000 school bonds	\$ 9,510,000	\$ 10,205,000	\$ (695,000)	-6.81%
Unamortized bond premiums	238,957	262,853	(23,896)	-9.09%
Compensated absences liability	499,442	564,839	(65,397)	-11.58%
Net pension liability	2,185,529	2,256,160	(70,631)	-3.13%
	<u>\$ 12,433,928</u>	<u>\$ 13,288,852</u>	<u>\$ (854,924)</u>	-6.43%

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

**For the Future**

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

**Contacting the School District's Financial Management**

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

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**



## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,098,648	\$ 81,505	\$ 2,180,153
Receivables, net	439,654	1,092	440,746
<b>Restricted assets</b>			
Capital reserve account - cash	4,501,999	-	4,501,999
Emergency reserve - cash	180,000	-	180,000
Maintenance reserve - cash	180,000	-	180,000
Student activities - cash	41,775	-	41,775
Unemployment claims - cash	52,126	-	52,126
<b>Capital assets, net</b>			
Land	140,755	-	140,755
Other capital assets, net of depreciation	15,009,635	11,694	15,021,329
<b>Total assets</b>	<b>22,644,592</b>	<b>94,291</b>	<b>22,738,883</b>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	597,367	-	597,367
<b>Liabilities</b>			
Accounts payable	116,026	-	116,026
Accrued interest	174,795	-	174,795
Payroll deductions and withholdings payable	270,412	-	270,412
Unearned revenue	3,492	11,233	14,725
Unemployment compensation claims payable	4,718	-	4,718
<b>Long-term liabilities</b>			
Due within one year	758,896	-	758,896
Due beyond one year	11,675,032	-	11,675,032
<b>Total liabilities</b>	<b>13,003,371</b>	<b>11,233</b>	<b>13,014,604</b>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	1,166,553	-	1,166,553

See accompanying notes to financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position (continued)**  
**June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 5,640,390	\$ 11,694	\$ 5,652,084
Restricted for			
Capital reserve	4,501,999	-	4,501,999
Emergency reserve	180,000	-	180,000
Maintenance reserve	180,000	-	180,000
Student Activities	41,775	-	41,775
Tuition reserve	1,350,248	-	1,350,248
Unemployment claims	47,408	-	47,408
Unrestricted	<u>(2,869,785)</u>	<u>71,364</u>	<u>(2,798,421)</u>
Total net position	<u>\$ 9,072,035</u>	<u>\$ 83,058</u>	<u>\$ 9,155,093</u>

See accompanying notes to financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 3,194,809	\$ 4,043,643	\$ 40,142	\$ 565	\$ -	\$ (7,197,745)	\$ -	\$ (7,197,745)
Special education	1,210,853	1,453,992	-	35,366	-	(2,629,479)	-	(2,629,479)
Other special education	157,937	129,461	-	69,846	-	(217,552)	-	(217,552)
Other instruction	2,349	190	-	-	-	(2,539)	-	(2,539)
Support services								
Tuition	6,697,388	-	-	136,681	-	(6,560,707)	-	(6,560,707)
Students and instruction related services	1,013,299	842,753	981	132,518	-	(1,722,553)	-	(1,722,553)
General and business administration services	502,527	381,127	-	-	-	(883,654)	-	(883,654)
School administration services	325,035	250,115	-	-	-	(575,150)	-	(575,150)
Plant operations and maintenance	937,589	335,428	-	-	-	(1,273,017)	-	(1,273,017)
Pupil transportation	576,368	10,682	-	-	-	(587,050)	-	(587,050)
Interest on long-term debt	358,787	-	-	-	-	(358,787)	-	(358,787)
Total governmental activities	<u>14,976,941</u>	<u>7,447,391</u>	<u>41,123</u>	<u>374,976</u>	<u>-</u>	<u>(22,008,233)</u>	<u>-</u>	<u>(22,008,233)</u>
Business-type activities								
Food service	52,194	-	-	26,710	-	-	(25,484)	(25,484)
Child care program	2,457	-	-	-	-	-	(2,457)	(2,457)
Total business-type activities	<u>54,651</u>	<u>-</u>	<u>-</u>	<u>26,710</u>	<u>-</u>	<u>-</u>	<u>(27,941)</u>	<u>(27,941)</u>
Total primary government	<u>\$ 15,031,592</u>	<u>\$ 7,447,391</u>	<u>\$ 41,123</u>	<u>\$ 401,686</u>	<u>\$ -</u>	<u>(22,008,233)</u>	<u>(27,941)</u>	<u>(22,036,174)</u>
General revenues, special items and transfers								
Property taxes levied for general purposes						14,102,594	-	14,102,594
Property taxes levied for debt service						880,982	-	880,982
Federal and state aid not restricted						9,456,344	-	9,456,344
Investment earnings						9,943	4	9,947
Miscellaneous income						42,022	6,000	48,022
Transfers in (out)						(15,000)	15,000	-
Total general revenues, special items and transfers						<u>24,476,885</u>	<u>21,004</u>	<u>24,497,889</u>
Change in net position						2,468,652	(6,937)	2,461,715
Net position - beginning (as restated)						6,603,383	89,995	6,693,378
Net position - ending						<u>\$ 9,072,035</u>	<u>\$ 83,058</u>	<u>\$ 9,155,093</u>

See accompanying notes to financial statements.

## **FUND FINANCIAL STATEMENTS**

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2021**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,098,648	\$ -	\$ -	\$ -	\$ 2,098,648
Due from other funds	17,205	-	-	-	17,205
Receivables from other governments					
State	394,470	-	-	-	394,470
Federal	-	37,144	-	-	37,144
Other accounts receivable	8,040	-	-	-	8,040
Restricted cash and cash equivalents	4,914,125	41,775	-	-	4,955,900
<b>Total assets</b>	<b>\$ 7,432,488</b>	<b>\$ 78,919</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,511,407</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ -	\$ 17,205	\$ -	\$ -	\$ 17,205
Accounts payable	99,579	16,447	-	-	116,026
Payroll deductions and withholdings payable	270,412	-	-	-	270,412
Due to state	-	3,492	-	-	3,492
Unemployment compensation claims payable	4,718	-	-	-	4,718
<b>Total liabilities</b>	<b>374,709</b>	<b>37,144</b>	<b>-</b>	<b>-</b>	<b>411,853</b>

See accompanying notes to financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2021**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Capital reserve	\$ 4,501,999	\$ -	\$ -	\$ -	\$ 4,501,999
Emergency reserve	180,000	-	-	-	180,000
Maintenance reserve	180,000	-	-	-	180,000
Student activities	-	41,775	-	-	41,775
Tuition reserve	1,350,248	-	-	-	1,350,248
Unemployment claims	47,408	-	-	-	47,408
Committed fund balance					
Year-end encumbrances	3,513	-	-	-	3,513
Assigned fund balance					
Designated for subsequent year's expenditures	65,469	-	-	-	65,469
Unassigned fund balance	729,142	-	-	-	729,142
Total fund balances	<u>7,057,779</u>	<u>41,775</u>	<u>-</u>	<u>-</u>	<u>7,099,554</u>
Total liabilities and fund balances	<u>\$ 7,432,488</u>	<u>\$ 78,919</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$25,897,540 and the accumulated depreciation is \$10,747,150.	15,150,390
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(569,186)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(12,433,928)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(174,795)</u>
Total net position of governmental activities	<u>\$ 9,072,035</u>

See accompanying notes to financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2021**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Local sources					
Local tax levy	\$ 14,102,594	\$ -	\$ -	\$ 880,982	\$ 14,983,576
Tuition					
Individuals	15,000	-	-	-	15,000
Other LEAs	25,142	-	-	-	25,142
Interest on investments	9,943	-	-	-	9,943
Miscellaneous	42,022	981	-	-	43,003
Total local sources	<u>14,194,701</u>	<u>981</u>	<u>-</u>	<u>880,982</u>	<u>15,076,664</u>
Federal sources	-	373,889	-	-	373,889
State sources	5,989,690	1,087	-	209,562	6,200,339
Total revenues	<u>20,184,391</u>	<u>375,957</u>	<u>-</u>	<u>1,090,544</u>	<u>21,650,892</u>
<b>Expenditures</b>					
Current					
Instructional					
Regular instruction	3,194,244	565	-	-	3,194,809
Special education instruction	1,175,487	35,366	-	-	1,210,853
Other special instruction	88,091	69,846	-	-	157,937
Other instruction	2,349	-	-	-	2,349
Support service and undistributed costs					
Tuition	6,560,707	136,681	-	-	6,697,388
Student and instruction related services					
General and business administrative services	895,416	117,883	-	-	1,013,299
School administrative services	502,527	-	-	-	502,527
School administrative services	325,035	-	-	-	325,035
Plant operations and maintenance					
Plant operations and maintenance	937,589	-	-	-	937,589
Pupil transportation	576,368	-	-	-	576,368
Unallocated benefits	3,847,788	16,000	-	-	3,863,788

See accompanying notes to financial statements.



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 990,592	\$ -	\$ -	\$ -	\$ 990,592
Debt service					
Principal	-	-	-	695,000	695,000
Interest & other charges	131	-	-	395,544	395,675
Total expenditures	<u>19,096,324</u>	<u>376,341</u>	<u>-</u>	<u>1,090,544</u>	<u>20,563,209</u>
Excess (deficit) of revenues over (under) expenditures	1,088,067	(384)	-	-	1,087,683
Other financing sources (uses)					
Transfer	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
Total other financing sources (uses)	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
Net change in fund balance	1,073,067	(384)	-	-	1,072,683
Fund balances, July 1 (as restated)	<u>5,984,712</u>	<u>42,159</u>	<u>-</u>	<u>-</u>	<u>6,026,871</u>
Fund balances, June 30	<u><u>\$ 7,057,779</u></u>	<u><u>\$ 41,775</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,099,554</u></u>

See accompanying notes to financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2021**

Total net changes in fund balances - governmental fund (from B-2) \$ 1,072,683

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

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

Capital outlays	\$ 990,592	
Depreciation expense	<u>(521,842)</u>	468,750

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

Debt principal payments		695,000
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Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and the Statement of Activities:

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

		12,992
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See accompanying notes to financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities (continued)**  
**For the Fiscal Year Ended June 30, 2021**

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. \$ 129,934

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 65,397

Change in net position of governmental activities \$ 2,468,652

See accompanying notes to financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Net Position**  
**June 30, 2021**

	Food Service Fund	Childcare Program	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 8,076	\$ 73,429	\$ 81,505
Receivables from other governments			
State	72	-	72
Federal	1,020	-	1,020
Total current assets	<u>9,168</u>	<u>73,429</u>	<u>82,597</u>
Noncurrent assets			
Capital assets	258,534	-	258,534
Less: accumulated depreciation	246,840	-	246,840
Total noncurrent assets	<u>11,694</u>	<u>-</u>	<u>11,694</u>
<b>Total assets</b>	<u>20,862</u>	<u>73,429</u>	<u>94,291</u>
<b>Liabilities</b>			
Current liabilities			
Unearned revenues - prepaid sales	8,576	-	8,576
Accounts payable	2,657	-	2,657
<b>Total liabilities</b>	<u>11,233</u>	<u>-</u>	<u>11,233</u>
<b>Net position</b>			
Net investment in capital assets	11,694	-	11,694
Unrestricted	<u>(2,065)</u>	<u>73,429</u>	<u>71,364</u>
<b>Total net position</b>	<u>\$ 9,629</u>	<u>\$ 73,429</u>	<u>\$ 83,058</u>

See accompanying notes to financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2021**

	Food Service Fund	Childcare Program	Total
Operating expenses			
Cost of sales - reimbursable programs	\$ 33,929	\$ -	\$ 33,929
Commodity food costs	1,571	-	1,571
Salaries	1,124	-	1,124
Supports services - employee benefits	392	-	392
Other purchased services			
Insurance	818	-	818
Management fee	9,240	-	9,240
Supplies and materials	-	4,185	4,185
Depreciation	3,993	-	3,993
Miscellaneous expenditures	1,127	(1,728)	(601)
Total operating expenses	<u>52,194</u>	<u>2,457</u>	<u>54,651</u>
Operating income (loss)	<u>(52,194)</u>	<u>(2,457)</u>	<u>(54,651)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	1,429	-	1,429
Federal sources			
National school lunch program			
Cash assistance	23,710	-	23,710
Non-cash assistance (commodities)	1,571	-	1,571
Other sources			
Miscellaneous	6,000	-	6,000
Interest earned on investments	4	-	4
Total non-operating revenues (expenses)	<u>32,714</u>	<u>-</u>	<u>32,714</u>
Other financing sources (uses)			
Operating transfer in	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Change in net position	(4,480)	(2,457)	(6,937)
Net position, beginning	<u>14,109</u>	<u>75,886</u>	<u>89,995</u>
Net position, ending	<u>\$ 9,629</u>	<u>\$ 73,429</u>	<u>\$ 83,058</u>

See accompanying notes to financial statements.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2021**

	Food Service Fund	Childcare Program	Total
Cash flows from operating activities			
Receipts from customers	\$ (73)	\$ -	\$ (73)
Payments to Food Service Management Company	(37,342)	-	(37,342)
Payments to vendors (net)	31	(2,457)	(2,426)
Net cash provided by (used for) operating activities	<u>(37,384)</u>	<u>(2,457)</u>	<u>(39,841)</u>
Cash flows from non-capital financing activities			
State sources	1,357	-	1,357
Federal sources	22,725	-	22,725
Operating transfer in	21,000	-	21,000
Net cash provided by (used for) non-capital financing activities	<u>45,082</u>	<u>-</u>	<u>45,082</u>
Cash flows from investing activities			
Interest earned on investments	4	-	4
Net increase (decrease) in cash and cash equivalents	7,702	(2,457)	5,245
Cash and cash equivalents, beginning	374	75,886	76,260
Cash and cash equivalents, ending	<u>\$ 8,076</u>	<u>\$ 73,429</u>	<u>\$ 81,505</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating activities			
Operating income (loss)	\$ (52,194)	\$ (2,457)	\$ (54,651)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	3,993	-	3,993
Federal food donation program	1,571	-	1,571
Increase (decrease) in accounts payable	2,657	-	2,657
(Increase) decrease in inventory	8,776	-	8,776
Increase (decrease) in unearned revenue	(2,187)	-	(2,187)
Net cash provided by (used for) operating activities	<u>\$ (37,384)</u>	<u>\$ (2,457)</u>	<u>\$ (39,841)</u>

See accompanying notes to financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Warren, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District also has a sending/receiving relationship with Phillipsburg school district for Grades 9-12. The District had an approximate enrollment at June 30, 2021 of 757 students.

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

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

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



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

During the year ended June 30, 2021, the District implemented the provisions detailed in GASB Statement No. 84, *Fiduciary Activities*. Based on a review of the financial records, the District has no funds that meet the criteria of a fiduciary fund.

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

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

*Special Revenue Fund* - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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

Proprietary fund types (continued)

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

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

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

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

Equipment	12 years
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Fiduciary fund types

As stated in Note 1 (B), the district does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No 84, *Fiduciary Activities*.

D. Budgets/budgetary control

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2020-2021 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

J. Capital assets

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

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

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

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

K. Compensated absences

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

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

M. Long-term obligations

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

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

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



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 2 - Tax assessments and property taxes

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

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

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

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

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

Note 3 - Deposits, cash equivalents, and investments

Cash and cash equivalents include petty cash, change funds, cash, and certificates of deposit in banks. As of June 30, 2021, the District had no investments.

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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

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

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

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

As of June 30, 2021, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	7,794,829
Total bank balances	\$ 8,044,829

Deposits at June 30, 2021 appear in the financial statements as summarized below:

Cash and cash equivalents		\$ 7,136,053
	<u>Ref.</u>	
Unrestricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	\$ 2,098,648
Enterprise funds, Statement of Net Position	B-4	81,505
Restricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	4,955,900
Total cash and cash equivalents		\$ 7,136,053

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 140,755	\$ -	\$ -	\$ 140,755
Total	<u>140,755</u>	<u>-</u>	<u>-</u>	<u>140,755</u>
Capital assets, being depreciated				
Land improvements	351,942	-	-	351,942
Building & improvements	23,852,574	986,040	-	24,838,614
Furniture & equipment	<u>564,677</u>	<u>4,552</u>	<u>3,000</u>	<u>566,229</u>
Total	<u>24,769,193</u>	<u>990,592</u>	<u>3,000</u>	<u>25,756,785</u>
Accumulated depreciation				
Land improvements	307,528	11,977	-	319,505
Building & improvements	9,425,770	496,184	-	9,921,954
Furniture & equipment	<u>495,010</u>	<u>13,681</u>	<u>3,000</u>	<u>505,691</u>
Total	<u>10,228,308</u>	<u>521,842</u>	<u>3,000</u>	<u>10,747,150</u>
Total capital assets, being depreciated, net	<u>14,540,885</u>	<u>468,750</u>	<u>-</u>	<u>15,009,635</u>
Governmental activities capital assets, net	<u>\$ 14,681,640</u>	<u>\$ 468,750</u>	<u>\$ -</u>	<u>\$ 15,150,390</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 258,534	\$ -	\$ -	\$ 258,534
Less: accumulated depreciation	<u>242,847</u>	<u>3,993</u>	<u>-</u>	<u>246,840</u>
Business type activities capital assets, net	<u>\$ 15,687</u>	<u>\$ 3,993</u>	<u>\$ -</u>	<u>\$ 11,694</u>

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets (continued)

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

Instruction			
Regular	\$	258,073	
Special education		97,811	
Other special instruction		12,758	
Other instruction		190	
Support services			
Student & instruction		81,853	
General & business administration		40,594	
School administration		26,256	
Plant maintenance		4,307	
Total depreciation expense, governmental activities	\$	521,842	

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 10,205,000	\$ -	\$ 695,000	\$ 9,510,000	\$ 735,000
Bond premium	262,853		23,896	238,957	23,896
Compensated absences payable	564,839	-	65,397	499,442	-
PERS net pension liability	2,256,160	-	70,631	2,185,529	-
Total governmental activities long-term liabilities	\$ 13,288,852	\$ -	\$ 854,924	\$ 12,433,928	\$ 758,896

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2021, including interest payments are listed as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 735,000	\$ 362,993	\$ 1,097,993
2023	845,000	327,719	1,172,719
2024	805,000	294,719	1,099,719
2025	840,000	261,819	1,101,819
2026	875,000	227,519	1,102,519
2027 - 2031	5,410,000	565,409	5,975,409
Total	\$ 9,510,000	\$ 2,040,178	\$ 11,550,178

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Long-term debt (continued)

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2021, with their outstanding balances are comprised of the following individual issues:

\$15,895,000 - 2001 refunding obligation school building/refunding bonds, interest at 4.00% to 5.125% due in annual installments beginning January 15, 2002, through July 15, 2031.	\$ 5,350,000
\$9,600,000 - 2011 refunding school bonds, interest at 2.00% to 5.00%, due in annual installments beginning July 15, 2011, through July 15, 2026.	4,160,000
	\$ 9,510,000

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2021 is \$27,471,906. General obligation debt at June 30, 2021 is \$9,510,000, resulting in a legal debt margin of \$17,961,906.

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

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

Plan description (continued)

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2020 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2020 measurement date.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

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

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For State fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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

The District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 20.32% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Collective net pension liability and actuarial information

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

Net pension liability	\$	2,185,529
Proportionate share		0.0134020804%

Plan fiduciary net position as a percentage of the total pension liability	58.32%
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The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%

Salary increases (based on years of service)	
Through 2026	2.00 - 6.00%
Thereafter	3.00 - 7.00%

Investment rate of return	7.00%
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Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Discount rate (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2020 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	2,185,529
At a 1% lower rate (6.00%)		2,772,850
At a 1% higher rate (8.00%)		1,718,939

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2020 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 39,795	\$ 7,729
Changes of assumptions	70,901	915,102
Net difference between projected and actual earnings on pension plan investments	74,703	243,722
Changes in proportion and differences between District contributions and proportionate share of contributions	265,356	-
District contributions subsequent to the measurement date	146,612	-
Total	\$ 597,367	\$ 1,166,553

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

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

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e. for the school year ended June 30, 2021, the plan measurement date is June 30, 2020) of \$146,612 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2020 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 40,495	\$ (700)	\$ 39,795
Changes of assumptions	225,286	(154,385)	70,901
Differences between expected and actual experience	-	74,703	74,703
Deferred inflows of resources			
Differences between expected and actual experience	(9,967)	2,238	(7,729)
Changes of assumptions	(783,106)	(131,996)	(915,102)
Differences between projected and actual earnings on pension plan investments	(35,614)	(208,108)	(243,722)
Net of deferred outflows	<u>\$ (562,906)</u>	<u>\$ (418,248)</u>	<u>\$ (981,154)</u>

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

Fiscal Year Ended June 30,

2021	\$ (364,882)
2022	(332,661)
2023	(190,108)
2024	(76,876)
2025	(16,627)
Total	<u>\$ (981,154)</u>

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Pension expense

For the year ended June 30, 2021, the District recognized net pension expense of \$16,678, which represents the District's proportionate share of allocable plan pension expense of \$52,222, less the net amortization of deferred amounts from changes in proportion of \$10,728, and less other adjustments to the net pension liability of \$24,816. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2020 measurement date are as follows:

Service cost	\$	103,247
Interest on total pension liability		336,411
Benefit changes		(2,306)
Member contributions		(73,388)
Administrative expense		1,756
Expected investment return net of investment expense		(198,040)
Pension expense related to specific liabilities of individual employers		(919)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		23,719
Changes of assumptions		(174,717)
Difference between projected and actual investment earnings on pension plan investments		36,459
Pension expense	\$	52,222

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

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The State’s pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2020, the State’s pension contribution was less than the actuarial determined amount.

Special funding situation

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Special funding situation (continued)

During the State fiscal year ended June 30, 2020, the State of New Jersey contributed \$954,009 to the TPAF for normal pension benefits on behalf of the District.

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

Collective net pension liability and actuarial information

The District’s proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2020 measurement date is as follows:

District proportionate share of net pension liability	\$ 36,766,690
Less: State proportionate share of net pension liability	9,044,018
Net pension liability	\$ 27,722,672

Proportionate share	0.0421004992%
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Plan fiduciary net position as a percentage of the total pension liability	24.60%
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Actuarial assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through 2026	1.55 - 4.45%
Thereafter	2.75 - 5.65%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Actuarial assumptions (continued)

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2020 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State.



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Discount rate (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2020 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (5.40%)	\$ 27,722,672
At a 1% lower rate (4.40%)	32,563,525
At a 1% higher rate (6.40%)	23,703,156

Pension expense

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2020 measurement date are as follows:

Service cost	\$ 690,575
Interest on total pension liability	1,966,379
Benefit changes	(7,032)
Member contributions	(364,227)
Administrative expense	5,676
Expected investment return net of investment expense	(640,781)
Pension expense related to specific liabilities of individual employers	1,995
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	74,419
Changes of assumptions	(165,843)
Difference between projected and actual investment earnings on pension plan investments	162,753
Pension expense	<u>\$ 1,723,914</u>

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2021) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2021 was \$8,000.

D. Other pension plan information

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$415,133 to the TPAF for postretirement medical benefits, \$24,733 for non-contributory insurance premiums, \$280 for long-term disability insurance, and \$1,299,942 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$352,590 during the fiscal year ended June 30, 2021 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State of New Jersey provides post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2020, the State paid PRM benefits for 143,053 State and local retirees.

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have decreased from fiscal year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State including Medicare Advantage contracts. The State has appropriated \$1.775 billion in fiscal year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The fiscal year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76 billion liability recorded in fiscal year 2019.

Total OPEB liability

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

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2020 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 67,809,962,608
District's proportionate share of the State's OPEB liability	34,458,188
Employer OPEB expense and related revenue	1,533,178
Allocable proportionate percentage	0.0508158192%

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)  
Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2019	\$ 21,013,033
Service cost	720,431
Interest cost	750,579
Change of benefit terms	-
Differences between expected and actual experiences	6,261,524
Changes of assumptions	6,294,327
Member contributions	18,183
Gross benefit payments	(599,889)
Total OPEB liability at June 30, 2020	\$ 34,458,188

There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% as of the June 30, 2019 plan measurement date to 2.21% as of the June 30, 2020 plan measurement date.

The total non-employer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	1.55% - 4.45%	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the total non-employer OPEB liability as of June 30, 2020 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (2.21%)	\$	34,458,188
At a 1% lower rate (1.21%)		41,541,124
At a 1% higher rate (3.21%)		28,920,014

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

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

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	34,458,188
At a 1% lower rate (1% decrease)		27,815,811
At a 1% higher rate (1% increase)		42,367,782

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$1,533,178 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 8 - Deferred compensation

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

- AXA Equitable
- Ameriprise Financial
- Lincoln Investments

Note 9 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2021 is as follows:

	Receivable	Payable
General fund	\$ 17,205	\$ -
Special revenue fund	-	17,205
	\$ 17,205	\$ 17,205

The special revenue fund had an interfund payable for \$17,205 due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

Note 10 - Contingent liabilities

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 11 - Risk management

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

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

*New Jersey Unemployment Compensation Insurance* - The District has elected to fund its NJ Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the District is required to reimburse the NJ unemployment trust fund for benefits paid to its former employees and charged to its account with the state. The District is billed quarterly for amounts due to the state. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the state for benefits paid and the ending balance available for claims of the District’s unemployment compensation insurance fund:

<u>Fiscal year</u>	<u>Board Contrib.</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance Available for Claims</u>
2020 - 2021	\$ -	\$ 62	\$ 9,978	\$ 5,260	\$ 52,126
2019 - 2020	-	369	10,343	7,533	47,346
2018 - 2019	-	543	10,346	18,516	44,167

Note 12 - Reserve accounts

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

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 12 - Reserve accounts (continued)

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$651,726 to their capital reserve account and \$650,000 to the tuition reserve account by Board Resolution in June 2021 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 4,091,250	\$ 651,726	\$ -	\$ 218,664	\$ 459,641	\$ 4,501,999
Emergency	180,000	-	-	-	-	180,000
Maintenance	180,000	-	-	-	-	180,000
Tuition	1,325,069	650,000	-	-	624,821	1,350,248
Total	<u>\$ 5,776,319</u>	<u>\$ 1,301,726</u>	<u>\$ -</u>	<u>\$ 218,664</u>	<u>\$ 1,084,462</u>	<u>\$ 6,212,247</u>

Note 13 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2021 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 4,501,999
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	180,000
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	180,000
Tuition reserve account - Represents funds accumulated for future tuition adjustments pursuant to N.J.A.C. 6A:23A-17.1(f).	1,350,248
Unemployment compensation - Represents funds accumulated for future unemployment claims.	47,408

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	3,513
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Assigned

Designated surplus - Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	65,469
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	<u>1,075,215</u>
Total fund balance - Budgetary basis (Exhibit C-1)	7,403,852
Last state aid payments not recognized on GAAP basis	(346,073)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 7,057,779</u>



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 14 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$0.

Note 15 - Operating lease

At June 30, 2021, the District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

2022	\$	12,240
2023		12,240
2024		12,240
Total		\$ 36,720

Note 16 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2021 of (\$2,869,785) on Schedule A-1, Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Note 17 - Restatement of prior year net position

During the fiscal year ended June 30, 2021, the District restated net position for governmental activities as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

		Governmental Activities
Net position, June 30, 2020	\$	6,513,878
Additions		
Reserved fund balance - unemployment fund		47,346
Reserved fund balance - student activity fund		42,159
Net position, June 30, 2020, as restated	\$	6,603,383

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 18 - Restatement of prior year fund balance

During the fiscal year ended June 30, 2021, the District restated fund balance for the general fund and special revenue fund as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	General Fund	Special Revenue Fund
Fund balance June 30, 2020	\$ 5,937,366	\$ -
Additions		
Reserved fund balance - unemployment fund	47,346	-
Reserved fund balance - student activity fund	-	42,159
Fund balance, June 30, 2020 as restated	\$ 5,984,712	\$ 42,159

Note 19 - Recent accounting pronouncements not yet effective

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

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

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

Note 20 - Risks and uncertainties

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

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

Note 21 - Subsequent events

The District has evaluated subsequent events through February 16, 2022, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 14,102,594	\$ -	\$ 14,102,594	\$ 14,102,594	\$ -
Tuition from individuals	43,000	-	43,000	15,000	(28,000)
Tuition from other LEAs within the state	-	-	-	25,142	25,142
Unrestricted miscellaneous revenues	3,000	-	3,000	51,903	48,903
Interest earned on current expense emergency reserve	1,000	-	1,000	-	(1,000)
Interest earned on maintenance reserve	1,000	-	1,000	-	(1,000)
Interest earned on capital reserve funds	3,000	-	3,000	-	(3,000)
Other restricted miscellaneous revenues	-	-	-	62	62
<b>Total</b>	<b>14,153,594</b>	<b>-</b>	<b>14,153,594</b>	<b>14,194,701</b>	<b>41,107</b>
<b>State sources</b>					
School choice aid	169,890	-	169,890	169,890	-
Categorical transportation aid	114,378	-	114,378	114,378	-
Extraordinary aid	-	-	-	398,609	398,609
Categorical special education aid	704,190	-	704,190	704,190	-
Equalization aid	2,467,367	-	2,467,367	2,467,367	-
Categorical security aid	26,030	-	26,030	26,030	-
Other state aid	-	-	-	7,830	7,830
TPAF Pension (on-behalf)	-	-	-	1,324,675	1,324,675
TPAF Social Security (reimbursed)	-	-	-	352,590	352,590
TPAF Postretirement benefits	-	-	-	415,133	415,133
TPAF Long-term disability insurance	-	-	-	280	280
<b>Total</b>	<b>3,481,855</b>	<b>-</b>	<b>3,481,855</b>	<b>5,980,972</b>	<b>2,499,117</b>
<b>Total revenues</b>	<b>\$ 17,635,449</b>	<b>\$ -</b>	<b>\$ 17,635,449</b>	<b>\$ 20,175,673</b>	<b>\$ 2,540,224</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instruction - regular program</b>					
<b>Salaries of teachers</b>					
Preschool	\$ 60,552	\$ 14,407	\$ 74,959	\$ 74,900	\$ 59
Kindergarten	149,375	(14,407)	134,968	123,200	11,768
Grades 1-5	1,674,090	-	1,674,090	1,536,129	137,961
Grades 6-8	1,261,524	-	1,261,524	1,205,204	56,320
<b>Home instruction</b>					
Salaries of teacher	18,000	-	18,000	360	17,640
Purchased professional - educational services	3,000	-	3,000	-	3,000
<b>Regular programs - undistributed instruction</b>					
Other salaries for instruction	11,049	-	11,049	261	10,788
Purchased professional - educational services	32,000	-	32,000	29,730	2,270
Purchased technical services	30,000	-	30,000	28,888	1,112
Other purchased services	85,840	-	85,840	57,170	28,670
General supplies	158,803	-	158,803	120,812	37,991
Textbooks	30,000	-	30,000	17,590	12,410
Other objects	3,000	-	3,000	-	3,000
<b>Total</b>	<b>3,517,233</b>	<b>-</b>	<b>3,517,233</b>	<b>3,194,244</b>	<b>322,989</b>

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 84,136	\$ (1,000)	\$ 83,136	\$ 83,136	\$ -
Other salaries for instruction	12,048	1,000	13,048	12,873	175
Total	<u>96,184</u>	<u>-</u>	<u>96,184</u>	<u>96,009</u>	<u>175</u>
Behavioral disabilities					
Salaries of teachers	64,475	10,284	74,759	74,759	-
General supplies	500	-	500	-	500
Total	<u>64,975</u>	<u>10,284</u>	<u>75,259</u>	<u>74,759</u>	<u>500</u>
Multiple disabilities					
Salaries of teachers	212,568	51,968	264,536	261,240	3,296
Other salaries for instruction	211,674	(45,320)	166,354	115,239	51,115
General supplies	2,000	-	2,000	1,201	799
Total	<u>426,242</u>	<u>6,648</u>	<u>432,890</u>	<u>377,680</u>	<u>55,210</u>
Resource room/resource center					
Salaries of teachers	627,199	-	627,199	495,760	131,439
Other salaries for instruction	70,485	360	70,845	56,057	14,788
Total	<u>697,684</u>	<u>360</u>	<u>698,044</u>	<u>551,817</u>	<u>146,227</u>
Autism					
Other salaries for instruction	12,490	-	12,490	-	12,490
Purchased professional - educational services	55,000	(18,581)	36,419	203	36,216
Total	<u>67,490</u>	<u>(18,581)</u>	<u>48,909</u>	<u>203</u>	<u>48,706</u>
Preschool disabilities - part-time					
Salaries of teachers	39,972	-	39,972	39,972	-
Other salaries for instruction	34,132	1,289	35,421	35,047	374
Total	<u>74,104</u>	<u>1,289</u>	<u>75,393</u>	<u>75,019</u>	<u>374</u>
Total special education	<u>1,426,679</u>	<u>-</u>	<u>1,426,679</u>	<u>1,175,487</u>	<u>251,192</u>
Basic skills/remedial					
Salaries of teachers	118,915	-	118,915	88,091	30,824
Total	<u>118,915</u>	<u>-</u>	<u>118,915</u>	<u>88,091</u>	<u>30,824</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	30,000	-	30,000	2,349	27,651
Total	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>2,349</u>	<u>27,651</u>
Total instruction regular	<u>\$ 5,092,827</u>	<u>\$ -</u>	<u>\$ 5,092,827</u>	<u>\$ 4,460,171</u>	<u>\$ 632,656</u>

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 6,082,296	\$ -	\$ 6,082,296	\$ 6,082,296	\$ -
Tuition to other LEAs within the state - special	198,000	29,902	227,902	227,901	1
Tuition to county vocational school district - regular	134,550	29,250	163,800	152,890	10,910
Tuition to private school for the disabled within state	165,000	(59,152)	105,848	97,620	8,228
Total	<u>6,579,846</u>	<u>-</u>	<u>6,579,846</u>	<u>6,560,707</u>	<u>19,139</u>
Undistributed expenditures - attendance and social work					
Salaries	27,169	-	27,169	25,168	2,001
Total	<u>27,169</u>	<u>-</u>	<u>27,169</u>	<u>25,168</u>	<u>2,001</u>
Undistributed expenditures - health services					
Salaries	162,763	(765)	161,998	159,726	2,272
Purchased professional and technical services	1,500	-	1,500	-	1,500
Supplies and materials	3,000	1,034	4,034	3,575	459
Other objects	300	(269)	31	-	31
Total	<u>167,563</u>	<u>-</u>	<u>167,563</u>	<u>163,301</u>	<u>4,262</u>
Undistributed expenditures - speech/ot/pt and related services					
Salaries	128,548	1	128,549	128,549	-
Purchased professional - educational services	107,000	-	107,000	104,301	2,699
Supplies and materials	625	-	625	96	529
Total	<u>236,173</u>	<u>1</u>	<u>236,174</u>	<u>232,946</u>	<u>3,228</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	140,502	-	140,502	140,502	-
Total	<u>140,502</u>	<u>-</u>	<u>140,502</u>	<u>140,502</u>	<u>-</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	164,218	(7,035)	157,183	153,917	3,266
Salaries of secretarial and clerical assistants	18,535	2	18,537	18,537	-
Other salaries	11,000	(10,826)	174	-	174
Purchased professional - educational services	74,200	17,859	92,059	92,059	-
Other purchased professional & technical services	34,700	-	34,700	32,011	2,689
Supplies and materials	1,400	-	1,400	1,314	86
Total	<u>304,053</u>	<u>-</u>	<u>304,053</u>	<u>297,838</u>	<u>6,215</u>

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - improvement of inst. service					
Salaries of other professional staff	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000
Purchased professional - educational services	5,000	-	5,000	-	5,000
<b>Total</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>
Undistributed expenditures - edu. media service/sch. library					
Salaries	26,000	(2,500)	23,500	-	23,500
Salaries of technology coordinators	30,988	2,500	33,488	33,488	-
Purchased professional and technical services	2,090	-	2,090	1,977	113
<b>Total</b>	<b>59,078</b>	<b>-</b>	<b>59,078</b>	<b>35,465</b>	<b>23,613</b>
Undistributed expenditures - instructional staff training services					
Other salaries	-	10,000	10,000	-	10,000
Other purchased services	14,000	(10,000)	4,000	196	3,804
<b>Total</b>	<b>14,000</b>	<b>-</b>	<b>14,000</b>	<b>196</b>	<b>13,804</b>
Undistributed expenditures - support service - general admin.					
Salaries	174,252	11,999	186,251	175,251	11,000
Unused vacation payment to terminated/retired staff	12,000	(12,000)	-	-	-
Legal services	70,000	(950)	69,050	52,837	16,213
Audit fees	21,000	950	21,950	21,950	-
Architectural/engineering services	40,000	1,674	41,674	7,191	34,483
Other purchased professional services	16,000	(3,246)	12,754	1,077	11,677
Communications/telephone	18,000	246	18,246	18,246	-
BOE other purchased services	4,000	-	4,000	1,344	2,656
Miscellaneous purchased services	25,000	-	25,000	3,227	21,773
General supplies	1,350	-	1,350	348	1,002
BOE in-house training/meeting supplies	1,000	-	1,000	158	842
Miscellaneous expenditures	2,350	-	2,350	2,350	-
BOE membership dues and fees	8,500	-	8,500	8,241	259
<b>Total</b>	<b>393,452</b>	<b>(1,327)</b>	<b>392,125</b>	<b>292,220</b>	<b>99,905</b>
Undistributed expenditures - support service - school admin.					
Salaries of principals/assistant principals	181,000	(500)	180,500	173,850	6,650
Salaries of secretarial and clerical assistants	85,943	719	86,662	86,630	32
Supplies and materials	4,500	(219)	4,281	1,909	2,372
Other objects	5,000	-	5,000	4,090	910
<b>Total</b>	<b>276,443</b>	<b>-</b>	<b>276,443</b>	<b>266,479</b>	<b>9,964</b>
Undistributed expenditures - central services					
Salaries	176,581	10,589	187,170	187,169	1
Purchased professional services	23,000	-	23,000	21,433	1,567
Supplies and materials	1,000	158	1,158	1,158	-
Other objects	1,500	(574)	926	547	379
<b>Total</b>	<b>202,081</b>	<b>10,173</b>	<b>212,254</b>	<b>210,307</b>	<b>1,947</b>

See independent auditors' report.



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - admin. info. technology					
Salaries	\$ 46,483	\$ -	\$ 46,483	\$ 46,482	\$ 1
Purchased professional services	11,000	-	11,000	8,302	2,698
Supplies and materials	6,000	-	6,000	3,772	2,228
<b>Total</b>	<b>63,483</b>	<b>-</b>	<b>63,483</b>	<b>58,556</b>	<b>4,927</b>
Undistributed expenditures - req. maint. for school facilities					
Salaries	288,208	-	288,208	282,230	5,978
Cleaning, repair, and maintenance services	111,600	-	111,600	95,679	15,921
General supplies	44,983	-	44,983	38,389	6,594
Other objects	400	-	400	200	200
<b>Total</b>	<b>445,191</b>	<b>-</b>	<b>445,191</b>	<b>416,498</b>	<b>28,693</b>
Undistributed expenditures - custodial services					
Salaries	337,472	26,004	363,476	246,173	117,303
Salaries of non-instructional aides	25,893	(25,893)	-	-	-
Purchased professional and technical services	4,300	75	4,375	4,375	-
Cleaning, repair, and maintenance service	14,000	-	14,000	12,067	1,933
Other purchased property services	24,000	-	24,000	15,000	9,000
Insurance	44,710	-	44,710	40,986	3,724
Miscellaneous purchased services	600	-	600	135	465
General supplies	49,141	-	49,141	31,338	17,803
Energy (natural gas)	55,000	3,281	58,281	50,072	8,209
Energy (electricity)	190,000	(3,467)	186,533	118,747	67,786
Energy (gasoline)	3,200	-	3,200	2,198	1,002
<b>Total</b>	<b>748,316</b>	<b>-</b>	<b>748,316</b>	<b>521,091</b>	<b>227,225</b>
Undistributed expenditures - security					
Purchased professional and technical services	26,000	-	26,000	-	26,000
<b>Total</b>	<b>26,000</b>	<b>-</b>	<b>26,000</b>	<b>-</b>	<b>26,000</b>
Undistributed expenditures - student transportation service					
Salaries for pupil trans. (between home & school) - reg.	12,000	-	12,000	12,000	-
Other purchased professional and technical service	5,050	-	5,050	3,550	1,500
Contract service-aid in lieu pymts. - non-public schools	65,000	-	65,000	39,400	25,600
Contract service (between home & school) - vendors	311,000	-	311,000	273,532	37,468
Contract service (sp. ed. stds) - vendors	351,981	-	351,981	247,886	104,095
<b>Total</b>	<b>745,031</b>	<b>-</b>	<b>745,031</b>	<b>576,368</b>	<b>168,663</b>
Unallocated benefits - employee benefits					
Social Security contributions	153,000	-	153,000	92,625	60,375
Other retirement contributions - PERS	154,500	-	154,500	146,613	7,887
Other retirement contributions - regular	17,000	-	17,000	8,000	9,000
Workmen's compensation	95,706	-	95,706	76,221	19,485
Health benefits	2,008,644	(61,673)	1,946,971	1,350,284	596,687
Tuition reimbursement	55,000	-	55,000	17,537	37,463
Other employee benefits	72,450	1,500	73,950	63,830	10,120
<b>Total</b>	<b>2,556,300</b>	<b>(60,173)</b>	<b>2,496,127</b>	<b>1,755,110</b>	<b>741,017</b>

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Undistributed expenditures - food services				
Transfers to cover deficit (Enterprise fund)	\$ -	\$ 15,000	\$ -	\$ 15,000
Total undistributed expenditures - food service	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Expenditures (cont'd)				
On-behalf TPAF Pension contribution	-	-	1,324,675	(1,324,675)
On-behalf TPAF Postretirement medical benefits	-	-	415,133	(415,133)
On-behalf TPAF Long-term disability insurance	-	-	280	(280)
Reimbursed TPAF Social Security contribution	-	-	352,590	(352,590)
Total	<u>-</u>	<u>-</u>	<u>2,092,678</u>	<u>(2,092,678)</u>
Total undistributed expenditures	<u>\$ 12,994,681</u>	<u>\$ (36,326)</u>	<u>\$ 12,958,355</u>	<u>\$ (687,075)</u>
Total current	<u>\$ 18,087,508</u>	<u>\$ (36,326)</u>	<u>\$ 18,051,182</u>	<u>\$ (54,419)</u>
Capital outlay				
Equipment				
Undistributed				
Undistributed expenditures - admin. info. technology	\$ 10,000	\$ -	\$ 4,552	\$ 5,448
Undistributed expend. - custodial services	10,000	-	-	10,000
Total equipment	<u>20,000</u>	<u>-</u>	<u>4,552</u>	<u>15,448</u>
Facilities acquisition and construction service				
Architectural/engineering services	-	36,326	36,326	36,326
Construction services	660,000	338,017	986,040	11,977
Assessment for debt service on SDA funding	131	-	131	-
Total facilities acquisition and construction service	<u>660,131</u>	<u>374,343</u>	<u>1,034,474</u>	<u>48,303</u>
Total capital outlay	<u>\$ 680,131</u>	<u>\$ 374,343</u>	<u>\$ 1,054,474</u>	<u>\$ 63,751</u>
Total expenditures	<u>\$ 18,767,639</u>	<u>\$ 338,017</u>	<u>\$ 19,105,656</u>	<u>\$ 9,332</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,132,190)</u>	<u>\$ (338,017)</u>	<u>\$ (1,470,207)</u>	<u>\$ 2,549,556</u>
Other financing sources (uses)				
Operating transfer out				
Transfer to food service fund - board contribution	-	(15,000)	(15,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,132,190)</u>	<u>(353,017)</u>	<u>(1,485,207)</u>	<u>2,549,556</u>
Fund balances, July 1 (as restated)	6,339,503	-	6,339,503	-
Fund balances, June 30	<u>\$ 5,207,313</u>	<u>\$ (353,017)</u>	<u>\$ 4,854,296</u>	<u>\$ 2,549,556</u>

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (7,627)	\$ -	\$ (7,627)	\$ (7,627)	\$ -
Increase in capital reserve	-	870,390	870,390	870,390	-
Interest deposit to capital reserve	3,000	-	3,000	-	(3,000)
Withdrawal from capital reserve	(459,641)	-	(459,641)	(459,641)	-
Interest earned on emergency reserve	1,000	-	1,000	-	(1,000)
Interest earned on maintenance reserve	1,000	-	1,000	-	(1,000)
Increase in tuition reserve	-	650,000	650,000	650,000	-
Withdrawal from tuition reserve	(624,821)	-	(624,821)	(624,821)	-
Increase in unemployment compensation	20,000	-	20,000	-	(20,000)
Interest earned on unemployment compensation	-	-	-	62	62
Budgeted fund balance	(65,101)	(1,873,407)	(1,938,508)	635,986	2,574,494
<b>Total</b>	<b>\$ (1,132,190)</b>	<b>\$ (353,017)</b>	<b>\$ (1,485,207)</b>	<b>\$ 1,064,349</b>	<b>\$ 2,549,556</b>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 4,501,999	
Emergency reserve				180,000	
Maintenance reserve				180,000	
Tuition reserve					
Year 2019 - 2020				700,248	
Year 2020 - 2021				650,000	
Unemployment compensation				47,408	
Committed fund balance					
Year-end encumbrances				3,513	
Assigned fund balance					
Designated for subsequent year's expenditures				65,469	
Unassigned fund balance				<u>1,075,215</u>	
Fund balance per budgetary basis				7,403,852	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(346,073)</u>	
Fund balance per governmental funds (GAAP)				<u><u>\$ 7,057,779</u></u>	

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Revenues					
State sources	\$ 4,519	\$ -	\$ 4,519	\$ 565	\$ (3,954)
Federal sources	768,438	-	768,438	406,211	(362,227)
Local sources	-	981	981	981	-
Total revenues	<u>\$ 772,957</u>	<u>\$ 981</u>	<u>\$ 773,938</u>	<u>\$ 407,757</u>	<u>\$ (366,181)</u>
Expenditures					
Instruction					
Salary	\$ 89,750	\$ -	\$ 89,750	\$ 40,000	\$ 49,750
Purchased professional & technical services	39,346	-	39,346	39,346	-
General supplies	261,322	-	261,322	107,861	153,461
Totals	<u>390,418</u>	<u>-</u>	<u>390,418</u>	<u>187,207</u>	<u>203,211</u>
Support services					
Tuition	136,681	-	136,681	136,681	-
Employee benefits	19,806	-	19,806	16,000	3,806
Purchased professional & technical services	136,052	-	136,052	66,888	69,164
Supplies	90,000	-	90,000	-	90,000
Student activities	-	1,365	1,365	1,365	-
Total	<u>382,539</u>	<u>1,365</u>	<u>383,904</u>	<u>220,934</u>	<u>162,970</u>
Total expenditures	<u>\$ 772,957</u>	<u>\$ 1,365</u>	<u>\$ 774,322</u>	<u>\$ 408,141</u>	<u>\$ 366,181</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (384)	\$ (384)	\$ (384)	\$ -
Fund balances, July 1 (as restated)	<u>42,159</u>	<u>-</u>	<u>42,159</u>	<u>42,159</u>	<u>-</u>
Fund balances, June 30	<u>\$ 42,159</u>	<u>\$ (384)</u>	<u>\$ 41,775</u>	<u>\$ 41,775</u>	<u>\$ -</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				<u>\$ 41,775</u>	
Fund balance per budgetary basis				<u>\$ 41,775</u>	

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2021**

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

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 20,175,673	\$ 407,757
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes: Outstanding encumbrances - current year	-	(31,800)
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33): State aid receivable prior year	354,791	-
State aid receivable current year	(346,073)	-
Total revenues (GAAP basis)	<u>\$ 20,184,391</u>	<u>\$ 375,957</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 19,096,324	\$ 408,141
Differences-Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes: Outstanding encumbrances current year	-	(31,800)
Total expenditures (GAAP basis)	<u>\$ 19,096,324</u>	<u>\$ 376,341</u>

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.0134020804%	0.0125213652%	0.0119432750%	0.0121873736%	0.0158898322%	0.0148198542%	0.0140257185%	0.0145281974%	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 2,185,529	\$ 2,256,160	\$ 2,351,571	\$ 2,837,026	\$ 4,706,113	\$ 3,292,869	\$ 2,660,383	\$ 2,304,129	N/A
District's covered employee payroll	\$ 721,403	857,212	896,441	873,251	833,685	895,069	973,162	972,571	908,252	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	254.96%	251.68%	269.29%	340.30%	525.78%	338.37%	273.54%	253.69%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A

N/A - Not Available

See independent auditors' report.



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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 146,612	\$ 121,796	\$ 118,797	\$ 112,903	\$ 141,163	\$ 126,113	\$ 117,140	\$ 101,150	\$ 104,107	\$ 112,011
Contributions in relation to the contractually required contribution	(146,612)	(121,796)	(118,797)	(112,903)	(141,163)	(126,113)	(117,140)	(101,150)	(104,107)	(112,011)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 721,403	\$ 857,212	\$ 896,441	\$ 873,251	\$ 833,685	\$ 895,069	\$ 973,162	\$ 972,571	\$ 908,252	\$ 905,624
Contributions as a percentage of covered employee payroll	20.32%	14.21%	13.25%	12.93%	16.93%	14.09%	12.04%	10.40%	11.46%	12.37%

N/A - Not Available

See independent auditors' report.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	27,722,672	25,878,192	29,865,097	35,091,766	44,408,814	34,825,346	31,062,221	29,906,072	N/A
Total	\$ -	\$ 27,722,672	\$ 25,878,192	\$ 29,865,097	\$ 35,091,766	\$ 44,408,814	\$ 34,825,346	\$ 31,062,221	\$ 29,906,072	\$ -
District's covered employee payroll	\$ 4,943,196	\$ 4,654,980	\$ 4,532,852	\$ 4,571,983	\$ 4,492,226	\$ 5,072,569	\$ 5,427,576	\$ 5,613,632	\$ 5,403,946	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A

N/A - Not Available

See independent auditors' report.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 954,009	\$ 939,977	\$ 846,679	\$ 708,104	\$ 583,290	\$ 451,977	\$ 297,889	\$ 245,863	\$ 382,357	\$ 188,718
Contributions in relation to the contractually required contribution	(954,009)	(939,977)	(846,679)	(708,104)	(583,290)	(451,977)	(297,889)	(245,863)	(382,357)	(188,718)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 4,943,196	\$ 4,654,980	\$ 4,532,852	\$ 4,571,983	\$ 4,492,226	\$ 5,072,569	\$ 5,427,576	\$ 5,613,632	\$ 5,403,946	\$ 5,552,110
Contributions as a percentage of covered employee payroll	19.30%	20.19%	18.68%	15.49%	12.98%	8.91%	5.49%	4.38%	7.08%	3.40%

See independent auditors' report.

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	NA	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	34,458,188	21,013,033	23,109,631	26,794,883	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ -</b>	<b>\$ 34,458,188</b>	<b>\$ 21,013,033</b>	<b>\$ 23,109,631</b>	<b>\$ 26,794,883</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered employee payroll	N/A	\$ 5,512,192	\$ 5,429,293	\$ 5,445,234	\$ 5,325,911	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2021**

- Note 1 - Special funding situation - TPAF and other postretirement benefits  
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF  
The discount rate was 5.60% in State fiscal year 2019 and 5.40% in State fiscal year 2020. The inflation rate was 2.75% in State fiscal year 2019 and 2.75% in State fiscal year 2020.
- Note 3 - Changes in assumptions - PERS  
The discount rate was 6.28% in State fiscal year 2019 and 7.00% in State fiscal year 2020. The inflation rate was 2.75% for State fiscal year 2019 and 2.75% for State fiscal year 2020.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate decreased from 3.50% in State fiscal year 2019 to 2.21% in State fiscal year 2020. The inflation rate was 2.50% for State fiscal year 2019 and 2020.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
For Pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits  
There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

## **SPECIAL REVENUE FUND**

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2021**

	ESSA Title IA	ESSA Title IIA	ESSA Title IVA	IDEA Basic	IDEA Preschool	CARES Emergency Relief	Coronavirus Aid Relief	CRRSA ESSER II	N.J. Digital Divide	Non-public Textbook Aid	Student Activity Fund	Total
<b>Revenues</b>												
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 565	\$ -	\$ 565
Federal sources	98,846	17,660	7,000	166,681	5,366	34,586	43,750	31,800	522	-	-	406,211
Local sources	-	-	-	-	-	-	-	-	-	-	981	981
<b>Total revenues</b>	<b>\$ 98,846</b>	<b>\$ 17,660</b>	<b>\$ 7,000</b>	<b>\$ 166,681</b>	<b>\$ 5,366</b>	<b>\$ 34,586</b>	<b>\$ 43,750</b>	<b>\$ 31,800</b>	<b>\$ 522</b>	<b>\$ 565</b>	<b>\$ 981</b>	<b>\$ 407,757</b>
<b>Expenditures</b>												
<b>Instruction</b>												
Salary	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000
Purchased professional and technical services	-	-	-	30,000	5,366	3,980	-	-	-	-	-	39,346
General supplies	29,846	-	-	-	-	1,378	43,750	31,800	522	565	-	107,861
<b>Total</b>	<b>69,846</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>5,366</b>	<b>5,358</b>	<b>43,750</b>	<b>31,800</b>	<b>522</b>	<b>565</b>	<b>-</b>	<b>187,207</b>
<b>Support services</b>												
Tuition	-	-	-	136,681	-	-	-	-	-	-	-	136,681
Employee benefits	16,000	-	-	-	-	-	-	-	-	-	-	16,000
Purchased professional and technical services	13,000	17,660	7,000	-	-	29,228	-	-	-	-	-	66,888
Student activities	-	-	-	-	-	-	-	-	-	-	1,365	1,365
<b>Total</b>	<b>29,000</b>	<b>17,660</b>	<b>7,000</b>	<b>136,681</b>	<b>-</b>	<b>29,228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,365</b>	<b>220,934</b>

See independent auditors' report.



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	CARES										Student Activity Fund	Total
	ESSA Title IA	ESSA Title IIA	ESSA Title IVA	IDEA Basic	IDEA Preschool	Emergency Relief	Coronavirus Relief Fund	CRRSA ESSER II	N.J. Digital Divide	Non-public Textbook Aid		
Total expenditures	<u>\$ 98,846</u>	<u>\$ 17,660</u>	<u>\$ 7,000</u>	<u>\$ 166,681</u>	<u>\$ 5,366</u>	<u>\$ 34,586</u>	<u>\$ 43,750</u>	<u>\$ 31,800</u>	<u>\$ 522</u>	<u>\$ 565</u>	<u>\$ 1,365</u>	<u>\$ 408,141</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (384)	\$ (384)
Fund balances, July 1 (as restated)	-	-	-	-	-	-	-	-	-	-	42,159	42,159
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,775</u>	<u>\$ 41,775</u>

See independent auditors' report.

## **CAPITAL PROJECTS FUND**

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

(NOT APPLICABLE TO THIS REPORT)

## **PROPRIETARY FUND**

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

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

## **FIDUCIARY FUNDS**

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

(NOT APPLICABLE TO THIS REPORT)

## **LONG-TERM DEBT SCHEDULES**

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**For the Fiscal Year Ended June 30, 2021**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/20	Issued	Retired	Balance 06/30/21
			Date	Amount					
Construction of Middle School and refunding of 2000 series	09/01/01	\$ 15,895,000	07/15/22	\$ 845,000	4.75%	\$ 5,350,000	\$ -	\$ -	\$ 5,350,000
			07/15/27	1,065,000	5.00%	-	-	-	-
			07/15/28	1,105,000	5.00%	-	-	-	-
			07/15/29	1,145,000	5.00%	-	-	-	-
			07/15/30	1,190,000	5.00%	-	-	-	-
Refunding school bonds	05/11/11	9,600,000	07/15/21	735,000	5.00%	4,855,000	-	695,000	4,160,000
			07/15/23	805,000	4.00%	-	-	-	-
			07/15/24	840,000	4.00%	-	-	-	-
			07/15/25	875,000	4.00%	-	-	-	-
			07/15/26	905,000	4.00%	-	-	-	-
						<u>\$ 10,205,000</u>	<u>\$ -</u>	<u>\$ 695,000</u>	<u>\$ 9,510,000</u>

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 880,982	\$ -	\$ 880,982	\$ 880,982	\$ -
State sources					
Debt service aid	209,562	-	209,562	209,562	-
Total revenues	<u>1,090,544</u>	<u>-</u>	<u>1,090,544</u>	<u>1,090,544</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	695,000	-	695,000	695,000	-
Interest	395,544	-	395,544	395,544	-
Total expenditures	<u>1,090,544</u>	<u>-</u>	<u>1,090,544</u>	<u>1,090,544</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

## **STATISTICAL SECTION**



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Statistical Section J Series**

Contents	Page
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
<b>Sources:</b> Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government activities										
Net investment in capital assets	\$ 2,502,670	\$ 2,441,347	\$ 2,485,149	\$ 2,583,172	\$ 3,236,856	\$ 3,365,501	\$ 3,504,268	\$ 4,195,333	\$ 4,476,640	\$ 5,640,390
Restricted	1,872,117	2,020,129	1,602,787	1,264,361	542,396	1,638,662	3,121,147	4,329,090	5,865,824	6,301,430
Unrestricted	(320,185)	(303,587)	(2,795,366)	(3,585,713)	(3,633,115)	(3,919,414)	(3,878,998)	(3,795,737)	(3,739,081)	(2,869,785)
Total governmental activities	<u>\$ 4,054,602</u>	<u>\$ 4,157,889</u>	<u>\$ 1,292,570</u>	<u>\$ 261,820</u>	<u>\$ 146,137</u>	<u>\$ 1,084,749</u>	<u>\$ 2,746,417</u>	<u>\$ 4,728,686</u>	<u>\$ 6,603,383</u>	<u>\$ 9,072,035</u>
Business-type activities										
Net investment in capital assets	\$ 102,705	\$ 91,549	\$ 76,683	\$ 64,073	\$ 61,403	\$ 49,334	\$ 34,560	\$ 19,673	\$ 15,687	\$ 11,694
Unrestricted	71,843	75,509	86,623	88,575	76,980	61,884	73,451	69,534	74,308	71,364
Total business-type activities	<u>\$ 174,548</u>	<u>\$ 167,058</u>	<u>\$ 163,306</u>	<u>\$ 152,648</u>	<u>\$ 138,383</u>	<u>\$ 111,218</u>	<u>\$ 108,011</u>	<u>\$ 89,207</u>	<u>\$ 89,995</u>	<u>\$ 83,058</u>
District-wide										
Net investment in capital assets	\$ 2,605,375	\$ 2,532,896	\$ 2,561,832	\$ 2,647,245	\$ 3,298,259	\$ 3,414,835	\$ 3,538,828	\$ 4,215,006	\$ 4,492,327	\$ 5,652,084
Restricted	1,872,117	2,020,129	1,602,787	1,264,361	542,396	1,638,662	3,121,147	4,329,090	5,865,824	6,301,430
Unrestricted	(248,342)	(228,078)	(2,708,743)	(3,497,138)	(3,556,135)	(3,857,530)	(3,805,547)	(3,726,203)	(3,664,773)	(2,798,421)
Total district-wide	<u>\$ 4,229,150</u>	<u>\$ 4,324,947</u>	<u>\$ 1,455,876</u>	<u>\$ 414,468</u>	<u>\$ 284,520</u>	<u>\$ 1,195,967</u>	<u>\$ 2,854,428</u>	<u>\$ 4,817,893</u>	<u>\$ 6,693,378</u>	<u>\$ 9,155,093</u>

\*

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,747,351	\$ 5,940,174	\$ 6,167,467	\$ 7,462,218	\$ 7,060,296	\$ 6,711,474	\$ 6,677,565	\$ 6,837,563	\$ 6,469,867	\$ 7,238,452
Special education	1,387,983	1,576,311	1,512,958	1,594,726	1,985,821	2,862,417	2,967,885	2,598,823	2,340,805	2,664,845
Other special education	853,052	903,533	839,434	783,630	416,448	320,647	345,991	352,192	328,135	287,398
Other instruction	-	-	-	-	-	-	-	-	20,957	2,539
Support services										
Tuition	3,499,860	4,438,501	5,289,756	6,451,262	6,396,630	6,053,142	6,087,176	6,035,293	6,588,236	6,697,388
Student & instruction related services	1,533,950	1,553,014	1,336,677	1,604,246	1,491,739	1,445,614	1,504,996	1,445,757	1,460,801	1,856,052
General & business administrative services	1,597,488	1,219,793	1,269,802	1,369,273	1,644,606	1,573,875	1,639,007	1,448,746	1,243,318	1,458,804
Plant operations & maintenance	1,189,193	1,158,008	1,279,279	1,223,862	1,252,242	1,722,299	1,855,640	1,245,926	1,256,894	1,273,017
Pupil transportation	456,489	503,132	523,953	484,092	444,013	585,779	595,012	571,204	588,642	587,050
Interest on long-term debt	543,967	528,989	541,008	524,041	525,578	479,120	452,089	420,396	387,339	358,787
Total governmental activities expenses	<u>16,809,333</u>	<u>17,821,455</u>	<u>18,760,334</u>	<u>21,497,350</u>	<u>21,217,373</u>	<u>21,754,367</u>	<u>22,125,361</u>	<u>20,955,900</u>	<u>20,684,994</u>	<u>22,424,332</u>
Business-type activities										
Food services	304,248	308,637	295,772	295,173	284,401	282,908	277,087	264,953	180,707	52,194
Childcare program	-	30,487	31,382	25,294	36,604	35,134	34,948	47,063	31,671	2,457
Total business-type activities	<u>304,248</u>	<u>339,124</u>	<u>327,154</u>	<u>320,467</u>	<u>321,005</u>	<u>318,042</u>	<u>312,035</u>	<u>312,016</u>	<u>212,378</u>	<u>54,651</u>
Total district expenses	<u>\$ 17,113,581</u>	<u>\$ 18,160,579</u>	<u>\$ 19,087,488</u>	<u>\$ 21,817,817</u>	<u>\$ 21,538,378</u>	<u>\$ 22,072,409</u>	<u>\$ 22,437,396</u>	<u>\$ 21,267,916</u>	<u>\$ 20,897,372</u>	<u>\$ 22,478,983</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program revenues										
Governmental activities										
Charges for services	\$ 118,940	\$ 99,963	\$ 67,774	\$ 100,216	\$ 118,769	\$ 74,561	\$ 63,942	\$ 51,946	\$ 41,100	\$ 41,123
Operating grants & contributions	234,966	317,543	410,969	283,817	277,359	279,081	280,236	278,609	343,141	374,976
Capital grants & contributions	-	-	-	252,763	-	-	-	-	-	-
Total governmental activities	<u>353,906</u>	<u>417,506</u>	<u>478,743</u>	<u>636,796</u>	<u>396,128</u>	<u>353,642</u>	<u>344,178</u>	<u>330,555</u>	<u>384,241</u>	<u>416,099</u>
Business-type activities										
Charges for services										
Food service	203,959	204,566	196,706	187,057	184,514	175,811	177,448	171,023	119,839	-
Childcare program	-	48,281	39,746	39,209	39,861	42,565	55,190	45,916	37,701	-
Operating grants & contributions	71,063	78,542	86,723	83,381	82,208	72,361	76,031	73,204	55,490	26,710
Total business-type activities	<u>275,022</u>	<u>331,389</u>	<u>323,175</u>	<u>309,647</u>	<u>306,583</u>	<u>290,737</u>	<u>308,669</u>	<u>290,143</u>	<u>213,030</u>	<u>26,710</u>
Total district-wide program revenues	<u>\$ 628,928</u>	<u>\$ 748,895</u>	<u>\$ 801,918</u>	<u>\$ 946,443</u>	<u>\$ 702,711</u>	<u>\$ 644,379</u>	<u>\$ 652,847</u>	<u>\$ 620,698</u>	<u>\$ 597,271</u>	<u>\$ 442,809</u>
Net (expense) revenues										
Governmental activities	\$ (16,455,427)	\$ (17,403,949)	\$ (18,281,591)	\$ (20,860,554)	\$ (20,821,245)	\$ (21,400,725)	\$ (21,781,183)	\$ (20,625,345)	\$ (20,300,753)	\$ (22,008,233)
Business-type activities	<u>(29,226)</u>	<u>(7,735)</u>	<u>(3,979)</u>	<u>(10,820)</u>	<u>(14,422)</u>	<u>(27,305)</u>	<u>(3,366)</u>	<u>(21,873)</u>	<u>652</u>	<u>(27,941)</u>
Total district-wide net expenses	<u>\$ (16,484,653)</u>	<u>\$ (17,411,684)</u>	<u>\$ (18,285,570)</u>	<u>\$ (20,871,374)</u>	<u>\$ (20,835,667)</u>	<u>\$ (21,428,030)</u>	<u>\$ (21,784,549)</u>	<u>\$ (20,647,218)</u>	<u>\$ (20,300,101)</u>	<u>\$ (22,036,174)</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 11,327,612	\$ 11,622,452	\$ 11,896,112	\$ 12,201,862	\$ 12,532,892	\$ 12,881,255	\$ 13,176,071	\$ 13,506,475	\$ 13,776,605	\$ 14,102,594
Taxes levied for debt service	915,832	894,692	812,260	884,990	889,272	879,108	883,234	883,647	881,628	880,982
Unrestricted grants & contributions	4,467,073	5,023,938	4,860,063	6,702,924	7,248,416	8,552,940	9,340,650	8,134,611	7,360,730	9,456,344
Investment earnings	21,200	10,518	11,827	7,558	9,175	11,052	32,710	58,028	52,314	9,943
State capital projects grants deobligated	-	(78,495)	-	-	-	(8,679)	-	-	-	-
Disposal of land	-	-	-	-	-	(3,500)	-	-	-	-
Miscellaneous income	39,420	34,131	49,300	32,470	50,307	27,161	10,186	24,853	14,668	42,022
Transfers	-	-	-	-	(24,500)	-	-	-	-	(15,000)
Total governmental activities	<u>16,771,137</u>	<u>17,507,236</u>	<u>17,629,562</u>	<u>19,829,804</u>	<u>20,705,562</u>	<u>22,339,337</u>	<u>23,442,851</u>	<u>22,607,614</u>	<u>22,085,945</u>	<u>24,476,885</u>
Business-type activities										
Miscellaneous income	599	245	227	162	157	140	159	3,069	136	4
Transfers	-	-	-	-	-	-	-	-	-	21,000
Total business-type activities	<u>599</u>	<u>245</u>	<u>227</u>	<u>162</u>	<u>157</u>	<u>140</u>	<u>159</u>	<u>3,069</u>	<u>136</u>	<u>21,004</u>
Total district-wide	<u>\$ 16,771,736</u>	<u>\$ 17,507,481</u>	<u>\$ 17,629,789</u>	<u>\$ 19,829,966</u>	<u>\$ 20,705,719</u>	<u>\$ 22,339,477</u>	<u>\$ 23,443,010</u>	<u>\$ 22,610,683</u>	<u>\$ 22,086,081</u>	<u>\$ 24,497,889</u>
Change in net position										
Governmental activities	\$ 315,710	\$ 103,287	\$ (652,029)	\$ (1,030,750)	\$ (115,683)	\$ 938,612	\$ 1,661,668	\$ 1,982,269	\$ 1,785,192	\$ 2,468,652
Business-type activities	<u>(28,627)</u>	<u>(7,490)</u>	<u>(3,752)</u>	<u>(10,658)</u>	<u>(14,265)</u>	<u>(27,165)</u>	<u>(3,207)</u>	<u>(18,804)</u>	<u>788</u>	<u>(6,937)</u>
Total district	<u>\$ 287,083</u>	<u>\$ 95,797</u>	<u>\$ (655,781)</u>	<u>\$ (1,041,408)</u>	<u>\$ (129,948)</u>	<u>\$ 911,447</u>	<u>\$ 1,658,461</u>	<u>\$ 1,963,465</u>	<u>\$ 1,785,980</u>	<u>\$ 2,461,715</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Restricted	\$ 1,918,109	\$ 2,165,381	\$ 1,809,892	\$ 1,011,598	\$ 479,468	\$ 1,610,114	\$ 3,121,147	\$ 4,329,090	\$ 5,865,824	\$ 6,259,655
Committed	9,568	15,207	8,747	-	817	8,258	-	-	7,627	3,513
Assigned	208,677	39,242	186,469	-	-	-	-	75,359	65,101	65,469
Unassigned	49,839	190,453	(7,848)	(355,136)	(187,230)	(60,443)	83,785	64,943	88,319	729,142
Total general fund	<u>\$ 2,186,193</u>	<u>\$ 2,410,283</u>	<u>\$ 1,997,260</u>	<u>\$ 656,462</u>	<u>\$ 293,055</u>	<u>\$ 1,557,929</u>	<u>\$ 3,204,932</u>	<u>\$ 4,469,392</u>	<u>\$ 6,026,871</u>	<u>\$ 7,057,779</u>
									*	
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,159	\$ 41,775
Capital projects fund	266,634	170,655	-	252,763	62,928	28,548	-	-	-	-
Assigned, reported in										
Debt service fund	100,342	100,342	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 366,976</u>	<u>\$ 270,997</u>	<u>\$ -</u>	<u>\$ 252,763</u>	<u>\$ 62,928</u>	<u>\$ 28,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,159</u>	<u>\$ 41,775</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax levy	\$ 12,243,444	\$ 12,517,144	\$ 12,708,372	\$ 13,086,852	\$ 13,422,164	\$ 13,760,363	\$ 14,059,305	\$ 14,390,122	\$ 14,658,233	\$ 14,983,576
Tuition charges	118,940	99,963	67,749	98,590	118,769	70,932	61,495	49,175	41,100	40,142
Interest earnings	21,200	10,518	11,827	7,558	9,175	11,052	32,710	58,028	52,314	9,943
Rents and royalties	-	-	-	-	-	3,629	2,447	2,771	-	-
Miscellaneous	32,462	34,131	49,325	34,096	26,411	39,702	10,186	24,853	14,668	43,003
State sources	4,384,459	4,987,430	4,863,617	5,250,745	5,124,129	5,206,986	5,453,049	5,498,559	5,513,106	6,200,339
Federal sources	324,538	354,051	407,415	317,320	275,245	279,652	280,236	278,609	343,141	373,889
<b>Total revenues</b>	<b>17,125,043</b>	<b>18,003,237</b>	<b>18,108,305</b>	<b>18,795,161</b>	<b>18,975,893</b>	<b>19,372,316</b>	<b>19,899,428</b>	<b>20,302,117</b>	<b>20,622,562</b>	<b>21,650,892</b>
<b>Expenditures</b>										
Instruction										
Regular instruction	3,923,841	3,780,409	4,051,644	4,251,978	3,591,176	3,145,774	3,049,000	3,140,546	3,204,331	3,194,244
Special education instruction	847,167	920,176	963,957	831,103	998,081	1,080,436	1,184,146	1,212,875	1,232,757	1,175,487
Other special instruction	575,771	572,807	514,781	417,287	182,900	130,916	129,141	136,763	118,770	88,091
Other instruction	-	-	-	-	-	-	-	-	19,467	2,349
Support services										
Tuition	3,499,860	4,438,501	5,104,357	6,336,262	6,300,202	6,053,142	5,987,176	5,891,544	6,451,199	6,560,707
Student & instruction related services	963,842	911,075	848,267	882,784	789,247	681,623	725,239	774,127	839,756	895,416
General & business administrative services	952,886	919,637	936,770	900,183	951,055	793,109	849,663	875,431	781,436	827,562
Plant operations & maintenance	988,146	922,057	1,073,178	981,612	914,670	846,173	944,955	981,748	1,006,755	937,589
Pupil transportation	448,218	494,195	507,837	484,092	444,013	585,779	595,012	571,204	588,642	576,368
Employee benefits	3,034,349	3,392,616	3,263,088	3,366,252	3,391,673	3,376,186	3,418,787	3,550,111	3,377,607	3,847,788
Capital outlay	817,946	25,174	29,039	46,189	563,322	51,247	24,155	530,855	99,252	990,592
Special revenue funds	234,966	317,543	410,969	283,817	277,359	279,081	280,236	278,609	343,141	376,341
Debt service										
Principal	615,000	510,000	520,000	540,000	565,000	575,000	605,000	635,000	665,000	695,000
Interest & other charges	437,807	592,441	574,438	555,637	535,937	513,356	488,463	458,844	426,475	395,675
<b>Total expenditures</b>	<b>17,339,799</b>	<b>17,796,631</b>	<b>18,798,325</b>	<b>19,877,196</b>	<b>19,504,635</b>	<b>18,111,822</b>	<b>18,280,973</b>	<b>19,037,657</b>	<b>19,154,588</b>	<b>20,563,209</b>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess (deficiency) of revenues over (under) expenditures	\$ (214,756)	\$ 206,606	\$ (690,020)	\$ (1,082,035)	\$ (528,742)	\$ 1,260,494	\$ 1,618,455	\$ 1,264,460	\$ 1,467,974	\$ 1,087,683
Other financing sources (uses)										
Transfer out	-	-	-	-	(24,500)	(30,000)	-	-	-	(15,000)
Proceeds from refinancing bond issue	-	-	-	-	-	-	-	-	-	-
Payments to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
NJSDA grant deobligated	-	(78,495)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(78,495)	-	-	(24,500)	(30,000)	-	-	-	(15,000)
Net change in fund balances	<u>\$ (214,756)</u>	<u>\$ 128,111</u>	<u>\$ (690,020)</u>	<u>\$ (1,082,035)</u>	<u>\$ (553,242)</u>	<u>\$ 1,230,494</u>	<u>\$ 1,618,455</u>	<u>\$ 1,264,460</u>	<u>\$ 1,467,974</u>	<u>\$ 1,072,683</u>
Debt service as a percentage of non-capital expenditures	6.81%	6.61%	6.19%	5.85%	6.17%	6.41%	6.37%	6.28%	6.08%	5.90%

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay.  
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.



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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Interest income	\$ 21,200	\$ 10,518	\$ 11,827	\$ 7,558	\$ 9,175	\$ 11,052	\$ 32,710	\$ 58,028	\$ 52,314	\$ 9,943
Tuition	118,940	99,963	67,749	98,590	118,769	70,932	61,495	49,175	41,100	40,142
Prior year refunds	12,427	16,266	44,630	12,167	-	20,932	1,954	19,666	6,658	40,052
Miscellaneous	258	364	134	2,280	3,005	3,991	6,544	3,913	1,996	889
Old outstanding checks voided	-	-	54	-	-	-	-	-	-	-
Close old agency balances	-	-	-	-	(924)	76	71	-	-	-
Facility rentals	-	-	425	1,627	-	3,629	2,447	2,771	3,299	-
Emergency management training fees	-	-	-	-	-	-	-	-	-	-
Contributions	250	-	500	12,056	1,054	1,011	904	1,140	702	-
Book fees	49	-	-	-	591	318	172	41	-	-
Application fees	500	475	-	-	310	833	300	-	-	-
Accounts payable canceled	17,255	17,026	3,542	-	24,693	-	-	-	-	-
Fund 20 adjustments	-	-	-	5,966	(12,818)	-	-	-	-	-
Sale of assets	-	-	40	-	10,500	-	241	93	2,013	1,081
<b>Annual totals</b>	<b>\$ 170,879</b>	<b>\$ 144,612</b>	<b>\$ 128,901</b>	<b>\$ 140,244</b>	<b>\$ 154,355</b>	<b>\$ 112,774</b>	<b>\$ 106,838</b>	<b>\$ 134,827</b>	<b>\$ 108,082</b>	<b>\$ 92,107</b>

Source: District Records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vacant land	\$ 21,599,020	\$ 19,621,720	\$ 16,235,420	\$ 12,976,620	\$ 17,209,874	\$ 11,230,520	\$ 10,554,720	\$ 22,577,620	\$ 21,133,820	\$ 26,261,020
Residential	661,096,274	669,756,124	679,151,024	689,476,824	693,597,571	693,752,971	692,445,071	694,138,471	697,230,410	701,130,131
Farm regular	10,568,700	11,230,900	11,212,200	11,072,700	10,696,400	10,185,200	9,937,000	9,684,400	9,709,400	9,709,400
Q farm	702,478	711,662	650,894	6,080,903	642,778	642,778	639,656	558,868	488,256	494,594
Commercial	124,171,875	122,971,275	125,260,175	110,165,375	112,929,575	112,132,975	112,264,375	117,617,475	115,707,875	114,762,375
Industrial	18,036,200	17,423,200	16,284,200	14,684,200	14,684,200	15,565,600	24,285,600	27,184,900	27,796,200	31,583,700
Apartment	16,320,000	16,320,000	16,320,000	16,320,000	16,320,000	26,494,000	31,229,000	35,179,000	39,221,000	49,075,000
<b>Total assessed value</b>	<b>852,494,547</b>	<b>858,034,881</b>	<b>865,113,913</b>	<b>860,776,622</b>	<b>866,080,398</b>	<b>870,004,044</b>	<b>881,355,422</b>	<b>906,940,734</b>	<b>911,286,961</b>	<b>933,016,220</b>
Public utilities (a)	1,509,258	1,509,258	929,832	981,687	950,563	940,641	948,998	950,162	967,062	977,960
<b>Net valuation taxable</b>	<b>\$ 854,003,805</b>	<b>\$ 859,544,139</b>	<b>\$ 866,043,745</b>	<b>\$ 861,758,309</b>	<b>\$ 867,030,961</b>	<b>\$ 870,944,685</b>	<b>\$ 882,304,420</b>	<b>\$ 907,890,896</b>	<b>\$ 912,254,023</b>	<b>\$ 933,994,180</b>
Estimated actual county equalized value	\$ 963,949,507	\$ 896,572,587	\$ 840,814,377	\$ 817,502,861	\$ 842,131,991	\$ 872,427,812	\$ 882,569,191	\$ 922,278,439	\$ 920,066,367	\$ 959,498,375
Percentage of net valuation to estimated actual equalized value	88.59%	95.87%	103.00%	105.41%	102.96%	99.83%	99.97%	98.44%	99.15%	97.34%
<b>Total direct school tax rate (b)</b>	<b>\$ 1.462</b>	<b>\$ 1.479</b>	<b>\$ 1.510</b>	<b>\$ 1.558</b>	<b>\$ 1.587</b>	<b>\$ 1.615</b>	<b>\$ 1.622</b>	<b>\$ 1.624</b>	<b>\$ 1.642</b>	<b>\$ 1.622</b>

Source: Municipal Tax Assessor

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

(a) Taxable value of machinery, implements and equipment of telephone and messenger system companies.

(b) Tax rates are per \$100.

\* Revalued/Reassessed

See independent auditors' report.

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

Assessment Year	School District Direct Rate				Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General (From J-6)		Total Direct School Tax Rate	Municipality	County	
		Obligation Debt Service (b)					
2012	* \$ 1.360	\$ 0.102	\$ 1.462	\$ 0.403	\$ 0.681	\$ 2.55	
2013	1.384	0.095	1.479	0.459	0.748	2.69	
2014	1.409	0.101	1.510	0.508	0.741	2.76	
2015	1.455	0.103	1.558	0.522	0.691	2.77	
2016	1.486	0.101	1.587	0.553	0.742	2.88	
2017	1.512	0.103	1.615	0.571	0.766	2.95	
2018	1.520	0.102	1.622	0.591	0.734	2.95	
2019	1.524	0.100	1.624	0.616	0.722	2.96	
2020	1.543	0.099	1.642	0.616	0.697	2.96	
2021	1.527	0.095	1.622	0.623	0.722	2.97	

Sources: Municipal Tax Collector

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

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

\* Revalued/Reassessed

See independent auditors' report.

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

	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Larken Associates	\$ 52,540,900	1	5.63%	\$ -		-
Peron/JSM, LLC	24,906,000	2	2.67%	-		-
Brakeley Associates, Inc.	16,320,000	3	1.75%	16,320,000	2	1.91%
Hillcrest Medical/Hillcrest Associates	14,773,800	4	1.58%	4,444,700	8	0.52%
STAG GI New Jersey, Inc.	14,259,000	5	1.53%	4,570,900	7	0
I-78 Logistics Park	12,779,800	6	1.37%	-		-
Genesis/Brakley c/o Health Care Reit	8,599,800	7	0.92%	8,314,600	3	0.97%
HP Lehigh Valley 212 LLC	8,421,000	8	0.90%	-		0.00%
Phillipsburg Mall, LLC	8,346,200	9	0.89%	-		-
Strykers Golf, LLC	6,003,300	10	0.64%	7,845,000	4	0.92%
Genesis/Lopatcong & Altus Group	-		-	5,151,100	5	0.60%
Crown American	-		-	-		0.00%
Stowaway Self Storage	-		-	4,693,560	6	0.55%
Captive Realty of NJ, LLC	-		-	-		0.00%
Lopatcong Corner Association, LLC	-		-	3,666,700	9	0.43%
JT Baker, c/o Mallinekrodt Baker, Inc.	-		-	3,476,600	10	0.41%
PREIT	-		-	25,082,500	1	2.94%
	<u>\$ 166,949,800</u>		<u>17.88%</u>	<u>\$ 83,565,660</u>		<u>0</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Fiscal Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2012	\$ 12,243,444	\$ 12,243,444	100.00%
2013	12,517,144	12,517,144	100.00%
2014	12,708,372	12,708,372	100.00%
2015	13,086,852	13,086,852	100.00%
2016	13,422,164	13,422,164	100.00%
2017	13,760,363	13,760,363	100.00%
2018	14,059,305	14,059,305	100.00%
2019	14,390,122	14,390,122	100.00%
2020	14,658,233	14,658,233	100.00%
2021	14,983,576	14,983,576	100.00%

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2012	\$ 14,820,000	\$ -	\$ -	\$ -	\$ -	\$ 14,820,000	3.96%	\$ 1,815	
2013	14,310,000	-	-	-	-	14,310,000	3.71%	1,748	
2014	13,790,000	-	-	-	-	13,790,000	3.54%	1,684	
2015	13,250,000	-	-	-	-	13,250,000	3.24%	1,596	
2016	12,685,000	-	-	-	-	12,685,000	2.99%	1,532	
2017	12,110,000	-	-	-	-	12,110,000	2.83%	1,470	
2018	11,505,000	-	-	-	-	11,505,000	2.59%	1,391	
2019	10,870,000	-	-	-	-	10,870,000	2.36%	1,307	
2020	10,205,000	-	-	-	-	10,205,000	2.10%	1,215	
2021	9,510,000	-	-	-	-	9,510,000	N/A	1,116	

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 14,820,000	-	\$ 14,820,000	1.74%	\$ 1,815
2013	14,310,000	-	14,310,000	1.66%	1,748
2014	13,790,000	-	13,790,000	1.59%	1,684
2015	13,250,000	-	13,250,000	1.54%	1,596
2016	12,685,000	-	12,685,000	1.46%	1,532
2017	12,110,000	-	12,110,000	1.39%	1,470
2018	11,505,000	-	11,505,000	1.30%	1,391
2019	10,870,000	-	10,870,000	1.20%	1,307
2020	10,205,000	-	10,205,000	1.12%	1,215
2021	9,510,000	-	9,510,000	1.02%	1,116

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

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

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

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2020**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 8,457,049	100.00%	\$ 8,457,049
County general obligation debt	1,765,000	8.26%	<u>145,818</u>
Subtotal, overlapping debt			8,602,867
School district direct debt			<u>9,510,000</u>
Total direct and overlapping debt			<u><u>\$ 18,112,867</u></u>

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

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

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

See independent auditors' report.



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

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized Valuation Basis	
	2020	\$ 937,152,366
	2019	914,715,818
	2018	895,322,452
		<u>\$ 2,747,190,636</u>
Average equalized valuation of taxable property		<u>\$ 915,730,212</u>
Debt limit (3.0% of average equalization value)	(a)	\$ 27,471,906
Total net debt applicable to limit		<u>9,510,000</u>
Legal debt margin		<u>\$ 17,961,906</u>

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt limit	\$ 25,242,208	\$ 25,738,505	\$ 26,331,428	\$ 26,803,034	\$ 27,471,906
Total net debt applicable	<u>12,110,000</u>	<u>11,505,000</u>	<u>10,870,000</u>	<u>10,205,000</u>	<u>9,510,000</u>
Legal debt margin	<u>\$ 13,132,208</u>	<u>\$ 14,233,505</u>	<u>\$ 15,461,428</u>	<u>\$ 16,598,034</u>	<u>\$ 17,961,906</u>
Total net debt applicable to the limit as a percentage of debt limit	47.98%	44.70%	41.28%	38.07%	34.62%

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 29,676,211	\$ 28,363,021	\$ 26,817,883	\$ 25,459,337	\$ 24,905,998
Total net debt applicable	<u>14,715,000</u>	<u>14,310,000</u>	<u>13,790,000</u>	<u>13,250,000</u>	<u>12,685,000</u>
Legal debt margin	<u>\$ 14,961,211</u>	<u>\$ 14,053,021</u>	<u>\$ 13,027,883</u>	<u>\$ 12,209,337</u>	<u>\$ 12,220,998</u>
Total net debt applicable to the limit as a percentage of debt limit	49.59%	50.45%	51.42%	52.04%	50.93%

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

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2012	8,165	\$ 373,997,825	\$ 45,805	4.6%
2013	8,187	385,599,513	47,099	3.7%
2014	8,191	389,940,746	47,606	5.7%
2015	8,300	408,459,600	49,212	4.7%
2016	8,282	423,591,172	51,146	3.8%
2017	8,236	428,321,416	52,006	3.3%
2018	8,274	444,057,306	53,669	3.3%
2019	8,318	461,216,464	55,448	2.8%
2020	8,402	486,089,308	57,854	7.2%
2021	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

2021

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

2012

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

See independent auditors' report.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Function/Program										
Instruction										
Regular	60.6	42.0	56.6	48.0	43.0	42.7	42.7	42.0	42.0	42.0
Special education	24.4	26.4	18.2	30.0	24.4	14.5	13.5	11.5	14.5	14.5
Other instruction	-	14	10	11.5	11.0	11.6	11.6	14.5	12.3	12.3
Support services										
Student and instruction related services	17.4	10.2	10.2	9.1	8.9	8.0	8.0	8.0	8.0	8.0
General administration	2.7	2.7	2.5	2.5	2.0	2.5	2.5	2.5	2.5	2.5
School administration services	7.7	5.6	5.6	4.5	5.5	5.5	5.5	5.5	5.5	5.5
Central services	4.2	3.1	2.5	3.0	3.0	2.5	2.5	2.5	2.5	2.5
Plant operations and maintenance	10.0	9.0	9.0	9.0	9.0	8.0	8.0	8.0	8.0	8.0
Transportation services	0.3	0.3	0.3	-	-	-	-	-	-	-
Total	<u>127.3</u>	<u>112.9</u>	<u>114.6</u>	<u>117.6</u>	<u>106.8</u>	<u>95.3</u>	<u>94.3</u>	<u>94.5</u>	<u>95.3</u>	<u>95.3</u>

Source: District Personnel Records

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Operating Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio		Average Daily Enrollment (ADE) ( c )	Average Daily Attendance (ADA) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School				
2012	895	\$ 15,469,046	\$ 17,284	9.04%	85.0	1:09.33	1:10.92	885.9	853.8	-3.44%	96.38%
2013	879	16,669,016	18,964	9.72%	76.0	1:08.14	1:09.25	872.8	838.2	-1.48%	96.04%
2014	861	17,674,848	20,528	8.25%	78.0	1:11.02	1:13.00	854.4	820.7	-2.11%	96.06%
2015	821	18,735,370	22,820	11.17%	76.5	1:08.14	1:12.20	828.8	794.4	-3.00%	95.85%
2016	849	17,840,376	21,013	-7.92%	63.6	1:14.34	1:12.56	846.0	814.6	2.08%	96.29%
2017	800	16,972,219	21,215	0.96%	57.2	1:20.80	1:24.00	802.3	763.2	-5.17%	95.13%
2018	768	17,163,355	22,348	5.34%	56.2	1:20.42	1:25.33	760.8	726.1	-5.17%	95.43%
2019	729	17,412,958	23,886	6.88%	53.0	1:18.70	1:17.75	732.6	699.6	-3.71%	95.49%
2020	732	17,963,861	24,541	2.74%	56.5	1:18.05	1:18.55	732.0	707.0	-0.08%	96.58%
2021	757	18,481,942	24,415	-0.51%	56.5	1:13.40	1:04.76	695.8	669.5	-4.95%	96.21%

Source: District Records

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

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**

District Building	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Delaware Park Elementary (1924)</u>										
Square feet	10,920	10,920	10,920	10,920	-	-	-	-	-	-
Capacity (students)	75.0	75.0	75.0	75.0	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
<u>Lopatcong Elementary (1960/1975)</u>										
Square feet	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240
Capacity (students)	539.0	539.0	539.0	539.0	539.0	539.0	539.0	539.0	539.0	539.0
Enrollment	491.0	479.0	458.0	443.0	443.0	416.0	394.0	382.0	355.0	332.0
<u>Lopatcong Middle (2003)</u>										
Square feet	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)	512.0	512.0	512.0	512.0	512.0	512.0	512.0	512.0	512.0	512.0
Enrollment	404.0	400.0	397.0	385.0	398.0	384.0	352.0	339.0	362.0	360.0
<u>Number of schools at June 30, 2021:</u>										
Elementary	1									
Middle	1									

Source: District Facilities Office

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

See independent auditors' report.

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

Undistributed expenditures - Required maintenance for school facilities

<u>Fiscal Year Ending</u>	<u>Delaware Park School</u>	<u>Lopatcong Elementary School</u>	<u>Lopatcong Middle School</u>	<u>Total</u>
2012	\$ 463	\$ 134,623	\$ 173,881	\$ 308,967
2013	658	119,110	122,793	242,561
2014	767	116,944	184,276	301,987
2015	910	133,399	229,872	364,181
2016	-	134,378	202,107	336,485
2017	-	131,388	196,824	328,212
2018	-	148,471	225,207	373,678
2019	-	142,114	216,198	358,312
2020	-	140,130	275,561	415,691
2021	-	162,236	254,262	416,498
Total school facilities	<u>\$ 2,798</u>	<u>\$ 1,362,793</u>	<u>\$ 2,080,981</u>	<u>\$ 3,446,572</u>

Source: District Records

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2021**  
**(Unaudited)**

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

Source: District Records

See independent auditors' report.



**SINGLE AUDIT SECTION**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Lopatcong Township School District, County of Warren, the State of New Jersey, (the District), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 16, 2022.

Internal Control over Financial Reporting

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

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

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

#### Compliance and Other Matters

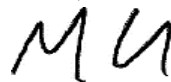
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

#### Purpose of this Report

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



BKC, CPAs, PC



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

February 16, 2022  
Flemington, New Jersey



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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Lopatcong Township School District's, (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

#### Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

#### Report on Internal Control Over Compliance

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

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

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

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



**BKC, CPAs, PC**



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

February 16, 2022  
Flemington, New Jersey

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards, Schedule A  
For the Fiscal Year Ended June 30, 2021**

Grantor/Program Title	Federal		Project Number	Program or Award Amount	Grant Period		Balance 06/30/20	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2021				
	CFDA Number	FAIN Number			From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education passed through State Department of Education Special Revenue Fund																	
Special education cluster (IDEA)																	
IDEA Basic	84.027	H027A200100	IDEA-2790-21	#####	07/01/20	06/30/21	\$ -	\$ -	\$ 159,487	\$ 166,681	\$ -	\$ -	\$ (7,194)	\$ -	\$ -		
IDEA Preschool	84.173	H173S200114	IDEA-2790-21	5,366	07/01/20	06/30/21	-	-	5,366	5,366	-	-	-	-	-		
Total special education cluster (IDEA)							-	-	164,853	172,047	-	-	(7,194)	-	-		
Title I A	84.010A	S010A200030	ESSA-2790-21	98,846	07/01/20	06/30/21	-	-	74,556	98,846	-	-	(24,290)	-	-		
Title II A	84.367A	S367A200029	ESSA-2790-21	17,660	07/01/20	06/30/21	-	-	12,000	17,660	-	-	(5,660)	-	-		
Title IV A	84.424	S424200031	ESSA-2790-21	10,000	07/01/20	06/30/21	-	-	7,000	7,000	-	-	-	-	-		
CARES Act	84.425	S425D200027	CARES-2790-22	83,932	03/13/20	09/30/22	(49,346)	-	83,932	34,586	-	-	-	-	-		
Coronavirus Relief Fund	84.425	S425D200028	CARES-2790-21	43,750	07/01/20	06/30/21	-	-	43,750	43,750	-	-	-	-	-		
ESSER II	84.425	S425D200027	CRSSA-2790-23	391,549	03/13/20	09/30/23	-	-	-	31,800	-	-	(31,800)	-	-		
NJ Digital Divide	84.425	S425D200027	CARES-2790-20	19,570	07/16/20	10/31/20	-	-	522	522	-	-	-	-	-		
Total Special Revenue Fund							(49,346)	-	386,613	406,211	-	-	(68,944)	-	-		
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund																	
Child Nutrition Cluster																	
National School Lunch Program Non-Cash Assistance (Commodities)	10.555	201NJ304N1099	N/A	13,631	10/01/19	09/30/20	1,571	-	-	1,571	-	-	-	-	-		
National School Lunch Program Cash Assistance	10.555	211NJ304N1099	N/A	23,710	10/01/20	09/30/21	-	-	22,690	23,710	-	-	(1,020)	-	-		
National School Lunch Program Cash Assistance	10.555	201NJ304N1099	N/A	37,189	10/01/19	09/30/20	(35)	-	35	-	-	-	-	-	-		
Total Enterprise Fund							1,536	-	22,725	25,281	-	-	(1,020)	-	-		
Total Federal Financial Assistance							\$ (47,810)	\$ -	\$ 409,338	\$ 431,492	\$ -	\$ -	\$ (69,964)	\$ -	\$ -		

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Fiscal Year Ended June 30, 2021**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2021			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	21-495-034-5120-089	\$ 704,190	07/01/20	06/30/21	\$ -	\$ -	\$ 634,198	\$ 704,190	\$ -	\$ -	\$ -	\$ -	\$ 69,992	\$ 704,190
Equalization Aid	21-495-034-5120-078	2,467,367	07/01/20	06/30/21	-	-	2,222,127	2,467,367	-	-	-	-	245,240	2,467,367
School Choice Aid	21-495-034-5120-068	169,890	07/01/20	06/30/21	-	-	153,004	169,890	-	-	-	-	16,886	169,890
Security Aid	21-495-034-5120-084	26,030	07/01/20	06/30/21	-	-	23,443	26,030	-	-	-	-	2,587	26,030
Transportation Aid	21-495-034-5120-014	114,378	07/01/20	06/30/21	-	-	103,010	114,378	-	-	-	-	11,368	114,378
Extraordinary Aid	21-100-034-5120-473	386,640	07/01/20	06/30/21	-	-	-	386,640	-	(386,640)	-	-	-	386,640
Extraordinary Aid	20-100-034-5120-473	131,453	07/01/19	06/30/20	(119,484)	-	131,453	11,969	-	-	-	-	-	131,453
Non-Public Transportation Aid	21-495-034-5120-014	7,830	07/01/20	06/30/21	-	-	-	7,830	-	(7,830)	-	-	-	7,830
Non-Public Transportation Aid	20-495-034-5120-014	1,450	07/01/19	06/30/20	(1,450)	-	1,450	-	-	-	-	-	-	1,450
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	21-495-034-5094-002	1,299,942	07/01/20	06/30/21	-	-	1,299,942	1,299,942	-	-	-	-	-	1,299,942
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004	24,733	07/01/20	06/30/21	-	-	24,733	24,733	-	-	-	-	-	24,733
On-Behalf TPAF Pension Contribution - Post Retirement Medical	21-495-034-5094-001	415,133	07/01/20	06/30/21	-	-	415,133	415,133	-	-	-	-	-	415,133
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-001	280	07/01/20	06/30/21	-	-	280	280	-	-	-	-	-	280
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	352,590	07/01/20	06/30/21	-	-	352,590	352,590	-	-	-	-	-	352,590
Total General Fund					(120,934)	-	5,361,363	5,980,972	-	(394,470)	-	-	346,073	6,101,906
Special Revenue Fund														
N.J. Nonpublic Textbook Aid	21-495-034-5120-064	733	07/01/20	06/30/21	-	-	733	565	-	-	-	168	-	565
N.J. Nonpublic Nursing Services	21-100-034-5120-070	1,224	07/01/20	06/30/21	-	-	1,224	-	-	-	-	1,224	-	-
N.J. Nonpublic Security Aid	21-100-034-5120-509	2,100	07/01/20	06/30/21	-	-	2,100	-	-	-	-	2,100	-	-
Total Special Revenue Fund					-	-	4,057	565	-	-	-	3,492	-	565

See independent auditors' report.



**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B (continued)**  
**For the Fiscal Year Ended June 30, 2021**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2021			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
Debt Service Fund														
Debt Service Aid - State Support	21-495-034-5120-017	\$ 209,562	07/01/20	06/30/21	\$ -	\$ -	\$ 209,562	\$ 209,562	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,562
Total Debt Service Fund					<u>-</u>	<u>-</u>	<u>209,562</u>	<u>209,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,562</u>
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	21-100-010-3350-023	1,429	07/01/20	06/30/21	-	-	1,357	1,429	-	(72)	-	-	-	1,429
Total Enterprise Fund					<u>-</u>	<u>-</u>	<u>1,357</u>	<u>1,429</u>	<u>-</u>	<u>(72)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,429</u>
Total State Financial Assistance					<u>\$ (120,934)</u>	<u>\$ -</u>	<u>\$ 5,576,339</u>	6,192,528	<u>\$ -</u>	<u>\$ (394,542)</u>	<u>\$ -</u>	<u>\$ 3,492</u>	<u>\$ 346,073</u>	<u>\$ 6,313,462</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	21-495-034-5094-002							1,299,942						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004							24,733						
On-Behalf TPAF Pension Contribution - Postretirement Medical	21-495-034-5094-001							415,133						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-001							280						
Total for State Financial Assistance - Major Program Determination								<u>\$ 4,452,440</u>						

See independent auditors' report.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2021**

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,718 ) for the general fund and (\$31,800) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2021**

Note 3 - Relationship of financial statements (continued)

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

	Federal	State	Total
General fund	\$ -	\$ 5,989,690	\$ 5,989,690
Special revenue fund	373,889	1,087	374,976
Debt service fund	-	209,562	209,562
Food service fund	25,281	1,429	26,710
Total awards and financial assistance	<u>\$ 399,170</u>	<u>\$ 6,201,768</u>	<u>\$ 6,600,938</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the fiscal year ended June 30, 2021. TPAF Social Security contribution represents the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the fiscal year ended June 30, 2021.

Note 6 - Indirect Costs

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

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to basic financial statements noted?

Yes  No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

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

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

\_\_\_\_\_

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

Yes  No

Identification of Major Programs:

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

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

\_\_\_\_\_

Did the auditee qualify as a low-risk auditee?

Yes  No

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<u>21-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>21-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>21-495-034-5120-084</u>	<u>Security Aid</u>

**LOPATCONG TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2021.

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

There were no findings or questioned costs for the year ended June 30, 2021.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2021**

Status of Prior Year Findings

There were no prior year audit findings/recommendations.