

PITMAN BOROUGH SCHOOL DISTRICT

Pitman, New Jersey
County of Gloucester

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

PITMAN BOROUGH SCHOOL DISTRICT

PITMAN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared by

**Pitman Borough School District
Finance Department**

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INTRODUCTORY SECTION

Pitman Public Schools

420 Hudson Avenue, Pitman, NJ 08071-1094

Administrative Office: (856)589-2145 Business Office: (856)589-0369 Fax: (856)582-5465

Patrick J. McAleer, Ed.D

Superintendent of Schools
pmcaleer@pitman.k12.nj.us

Kelly A. Brazelton, MBA, SFO

Business Administrator/ Board Secretary
kbrazelton@pitman.k12.nj.us

February 4, 2022

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

Dear Board Members:

The comprehensive annual financial report of the Pitman Public School District for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for eligible students (Pre-K through 12). The District completed the 2020-2021 fiscal year with a total enrollment of

1) REPORTING ENTITY AND ITS SERVICES (CONTINUED)

1140 students grades K-12, including 20 out-of-district handicapped student placements, and 278 special education students in District.

In the 2006-2007 school year, the District began providing child care (Panther Club) for students ages 4 through Grade 5 at each of the elementary schools, enrolling approximately 75 students. At the end of the 2020-21 school year, Panther Club had a total of approximately 120? students participating. The district also had 17 non-resident tuition paid students for the school year.

The increase in labor costs associated with the negotiated agreement with the Pitman Education Association was a major portion of the budget increase. The Pitman Education Association represents approximately 92% of the entire work force. Negotiations were completed in Spring 2021 on a four-year contract for the 2019-20 through 2022-23 school years. The BOE also reached an agreement in Spring 2021 with the Pitman Administrators Association on a new CBA (2020-21 through 2023-24).

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

ENROLLMENT AS OF JUNE 30

FISCAL YEAR	TOTAL STUDENT ENROLLMENT
2011-2012	1,564
2012-2013	1,544
2013-2014	1,505
2014-2015	1,464
2015-2016	1,430
2016-2017	1,364
2017-2018	1,327
2018-2019	1,292
2019-2020	1,236
2020-2021	1,140

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

2) ECONOMIC CONDITION AND OUTLOOK

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

The facility had been scaling back activity in recent years and had reached a tax settlement with the municipality that changed the property's assessed value and ratable status beginning in calendar year 2011. The change in ratable status had an impact on recent school budgets, resulting in an additional share of the tax increase being shifted to the remaining tax payers, primarily homeowners. The Sony property was purchased in early 2013 by a New York based company for approximately \$3 million, (deeply discounted from list price); the future use of the property is unknown at this time, but currently has some limited operation as a reduced-capacity warehouse.

State Aid

State aid public for the 2020-2021 school year was \$8,994,516 which is a decrease of \$377,418 from 2019-2020. The School District maintains no more than 4% fund balance as required for 2021 and 2022. The percentage of debt service aid was 43.43% of debt service revenues.

Special Education

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

Federal Funding

The District's ESEA, IDEA Basic, and IDEA Pre-School funding remained relatively flat for the 2020-2021 school year.

3) MAJOR INITIATIVES

Student Achievements:

SAT Scores

	2021 PITMAN H.S. MEAN	2020 PITMAN H.S. MEAN	NEW JERSEY MEAN	USA MEAN
SAT Reading/Writing Score	544	553	562	533
SAT Math Score	524	541	563	528

PERCENTAGE OF GRADUATING STUDENTS:	2021	2020	2019	2018	2017	2016	2015
Attending a four-year college program	*	*	44%	40%	41%	41%	50%
Attending a two-year college program	*	*	42%	54%	50%	46%	36%
Attending specialized training program	*	*	7%	3%	4%	3%	4%
Entering the work force	*	*	4%	3%	3%	6%	6%
Entering the military	*	*	3%	0%	1%	4%	2.5%

*information was unavailable due to Covid-19

Graduating Student Statistics Pitman High School Advanced Placement

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

- 11% of exams scored 5
- 45% of exams scored 4 or higher
- 68% of exams scored 3 or higher

State Testing (Spring 2021)

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

State Testing (Spring 2020)

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

State Testing (Spring 2019)

NJSLA - 3

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

➤ 3) MAJOR INITIATIVES (CONTINUED)

NJSLA - 4

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

NJSLA - 5

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

NJSLA - 6

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

NJSLA - 7

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

NJSLA - Grade 8

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

NJSLA - Grade 9

- 55% of all students passed the Language Arts Assessment

NJSLA - Grade 10

- 58% of all students passed the Language Arts Assessment

NJSLA - Grade 11

- 25% of all students passed the Language Arts Assessment

NJSLA - Mathematic Assessment

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

DISTRICT GOALS:

Strategic Planning Process

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

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

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

Grants

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

Facilities

The Administration continues to strive to maintain and upgrade the facilities in the District. The District continues to remain in compliance with code which requires 2/10ths of 1 percent of the cost of the facilities over a 10 year period to be budgeted towards required maintenance. All required paperwork has been filed with the state and the necessary budgetary procedures have been put into place. A facilities study was completed in June of 2021 to evaluate building systems, mechanics and overall sustainability to be used for budgeting and planning purposes.

4) INTERNAL ACCOUNTING CONTROLS

The District's Business Administrator is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the District's management team.

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

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

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

6) ACCOUNTING SYSTEM AND REPORTS

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END

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

8) DEBT ADMINISTRATION

As of June 30, 2021, the District's outstanding debt issues include the 2016 Refunding Bonds of \$3,290,000.

9) CASH MANAGEMENT

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

10) RISK MANAGEMENT

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

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

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

The Fund provides the following coverage:

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

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

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

11) FUND BALANCE

The fund balance for the General Governmental Fund as of June 30, 2021, for the District (See Exhibit B-1) is \$4,223,946. The district's fund balance equals 4% as established by P.L. 2004. \$535,000 is budgeted surplus for the 2021-2022 budget.

12) OTHER INFORMATION

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holt McNally & Associates, Inc. was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and the *Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

13) CAPITAL IMPROVEMENT PLAN

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

Funds were dedicated for projects during the 2020-2021 school year from the Maintenance Reserve.

14) ACKNOWLEDGEMENTS

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

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

Respectfully submitted,

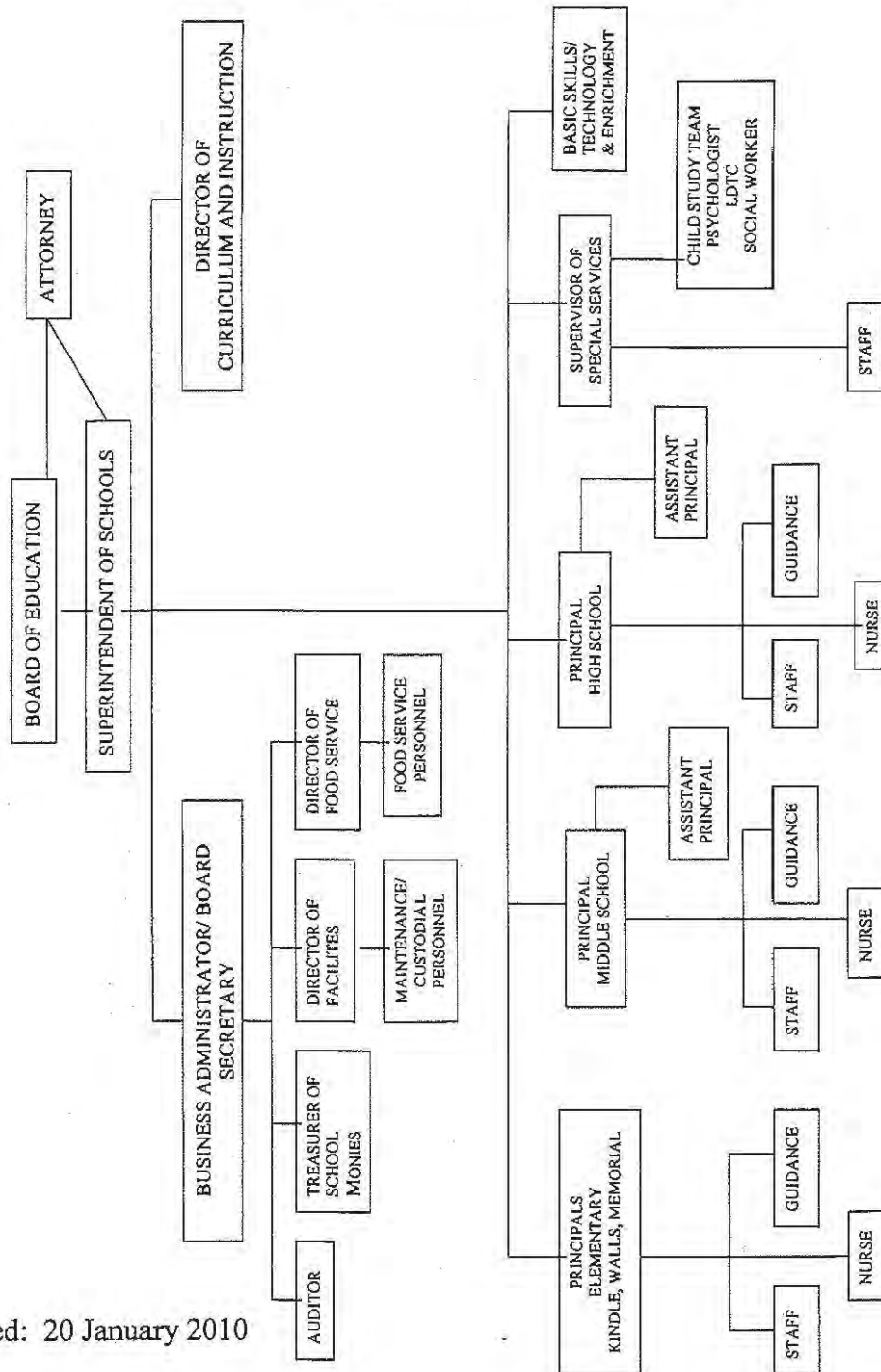
Patrick J. McAleer

Patrick J. McAleer, Ed. D
Superintendent of Schools

Dr. Michele Roemer

Dr. Michele Roemer
Business Administrator/Board Secretary

1110 ORGANIZATIONAL CHART



Adopted: 20 January 2010



PITMAN BOROUGH SCHOOL DISTRICT

Pitman, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2021

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Robert Uyehara, Jr., President	2022
Darlene Powell, Vice President	2023
Jennifer Martin	2021
April Miller	2023
Stacey Pappalardo	2022
Bonnie Savage	2021
Dr. Ruth Wilson- Doherty	2021

OTHER OFFICIALS

Patrick J. McAleer, Superintendent of Schools

Kelly Brazelton, Business Administrator/Board Secretary

PITMAN BOROUGH SCHOOL DISTRICT

Pitman, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Michael Holt
Holt McNally & Associates, Inc.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Wade, Long, Wood & Long LLC
1250 Chews Landing Road, Suite 1
Laurel Springs, New Jersey 08021

OFFICIAL DEPOSITORY

Ocean First Bank
271 Lambs Road
Sewell, New Jersey

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Borough of Pitman School District
420 Hudson Avenue
Pitman, 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 the Pitman School District, County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental 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 and requirements 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 School 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 School 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Pitman School District, County of Gloucester, State of New Jersey, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2021 the School District adopted new accounting guidance, *GASB Statement No. 84, Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Prior Period Restatement

Due to the implementation of GASB Statement No. 84, fund balance as of June 30, 2020, on the statement of activities and the statement of revenues, expenditures, and changes in fund balances has been restated, as discussed in Note 21 to the financial statements. Our opinion is not modified with respect to this matter.

There is also a prior period restatement for GASB Statement No. 68, fund balance as of June 30, 2020, on the statement of activities and the statement of revenues, expenditures, and changes in fund balances has been restated, as discussed in Note 21 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions & other post-employment benefits, as 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 opinions on the financial statements that collectively comprise the Pitman School District's basic financial statements. The introductory section, combining and individual fund statements long-term debt schedules and statistical section, are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, 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 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 fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2022 on our consideration of the School 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 describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's 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 School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
February 4, 2022

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

PITMAN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

This section of Pitman Public School District's annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year that ended on June 30, 2021. Comparative financial data is presented. Please read it in conjunction with the transmittal letter at the front of this report and the School District's financial statements, which immediately follow this section.

Overview of the Basic Financial Statements

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

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

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

PITMAN BOROUGH SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

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

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

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

PITMAN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

District-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

The School District has four kinds of funds:

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

PITMAN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Fund Financial Statements (Continued)

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

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the School District

Table 1 provides a summary of the School Districts net position for the fiscal years 2021 compared to fiscal year 2020.

Table 1
Summary of Net Position

	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 5,851,631	\$ 4,029,469	\$ 1,822,162	45.2%
Capital Assets, Net	8,965,141	9,165,348	(200,207)	-2.2%
Total Assets	<u>14,816,772</u>	<u>13,194,817</u>	<u>1,621,955</u>	12.3%
Deferred Outflow of Resources	<u>1,048,068</u>	<u>537,884</u>	<u>510,184</u>	94.9%
Current and other Liabilities	1,839,636	897,240	942,396	105.0%
Noncurrent Liabilities	9,854,475	11,995,680	(2,141,205)	-17.8%
Total Liabilities	<u>11,694,111</u>	<u>12,892,920</u>	<u>(1,198,809)</u>	-9.3%
Deferred Inflow of Resources	<u>2,524,683</u>	<u>2,486,334</u>	<u>38,349</u>	1.5%
Net Position:				
Net Investment in Capital Assets	5,004,695	4,313,387	691,308	16.0%
Restricted	4,272,431	2,738,724	1,533,707	56.0%
Unrestricted (Deficit)	(7,631,080)	(8,698,664)	1,067,584	-12.3%
Total Net Position	<u>\$ 1,646,046</u>	<u>\$ (1,646,553)</u>	<u>\$ 3,292,599</u>	-200.0%

PITMAN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Financial Analysis of the School District (continued)

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

Table 2
Summary of Changes in Net Position

	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 146,452	\$ 373,926	\$ (227,474)	-60.8%
Operating Grants & Contributions	11,794,281	767,401	11,026,880	1436.9%
General Revenues:				
Property Taxes	15,025,646	14,740,158	285,488	1.9%
Federal & State Aid	13,892,737	15,340,441	(1,447,704)	-9.4%
Other General Revenues	368,898	304,519	64,379	21.1%
Total Revenues	<u>41,228,014</u>	<u>31,526,445</u>	<u>9,701,569</u>	<u>30.8%</u>
Function/Program Expenditures:				
Regular Instruction	7,444,779	6,938,228	506,551	7.3%
Special Education Instruction	2,889,151	2,979,855	(90,704)	-3.0%
Other Special Education	214,195	384,171	(169,976)	-44.2%
Other Instruction	441,113	480,841	(39,728)	-8.3%
Student & Instruction Related Services	4,082,311	4,069,777	12,534	0.3%
General Administrative	531,411	468,451	62,960	13.4%
School Administrative Services	1,237,982	1,235,785	2,197	0.2%
Central Services	307,003	298,099	8,904	3.0%
Plant Operations & Maintenance	1,847,535	1,700,203	147,332	8.7%
Pupil Transportation	257,147	323,162	(66,015)	-20.4%
Unallocated Benefits	17,812,512	9,359,248	8,453,264	90.3%
Capital Outlay		53,428	(53,428)	-100.0%
Interest & Other Charges	141,437	131,607	9,830	7.5%
Unallocated Depreciation	542,051	502,958	39,093	7.8%
Food Service	722,825	391,601	331,224	84.6%
Other Enterprise Funds	222,936	298,332	(75,396)	-25.3%
Total Expenditures	<u>38,694,388</u>	<u>29,615,746</u>	<u>9,078,642</u>	<u>30.7%</u>
Change In Net Position	2,533,626	1,910,699	622,927	32.6%
Net Position - Beginning	(1,646,553)	(3,557,252)	1,910,699	-53.7%
Prior Period Adjustment	758,973	-	758,973	
Net Position - Beginning as Restated	<u>(887,580)</u>	<u>(3,557,252)</u>	<u>2,669,672</u>	
Net Position - Ending	<u>\$ 1,646,046</u>	<u>\$ (1,646,553)</u>	<u>\$ 2,533,626</u>	<u>-153.9%</u>

Governmental Activities

During the fiscal year 2021, the net position of governmental activities increased by \$2,910,749. The primary reasons for the increase were increases in federal and state aid, operating grants and contributions offset by increases in unallocated benefits.

PITMAN BOROUGH SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$925,382, with an unrestricted deficit balance of \$8,214,741. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District’s governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$	(8,214,741)
Add back: PERS Pension Liability		5,084,844
Less: Deferred Outflows related to pensions		(856,769)
Add back: Deferred Inflows related to pensions		<u>2,524,683</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>(1,461,983)</u>

Business-type Activities

During the fiscal year 2021, the net position of business-type activities increased by \$381,850 or 112.7%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$720,664.

General Fund Budgeting Highlights

Final budgeted revenues were 24,045,526, which was equal to the original budget. Excluding non-budgeted revenues, the School District’s budgeted revenues exceeded actual revenues by \$162,626.

Final budgeted appropriations were \$26,111,613, which was an increase of \$746,137 from the original budget. The increase is due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year’s budget. Excluding nonbudgeted appropriations, the School District’s budget appropriations excluding non-budget appropriations were \$22,763,368 which was less than budgeted appropriations by \$3,348,245.

The School District’s general fund balance – budgetary basis (Exhibit C-1) was \$5,057,522 as of June 30, 2021, an increase of \$1,442,351 from the prior year.

PITMAN BOROUGH SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Governmental Funds

At the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$4,346,739, an increase of \$1,945,869 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District’s general fund increased by \$1,486,936 or 51.2% to \$4,223,946 as of June 30, 2021, compared to an increase of \$1,276,976 in fund balance in the prior fiscal year.

Special revenue fund – There was an increase in the fund balance for the special revenue fund due to GASB 84 in the amount of \$122,793.

Capital projects fund – There was no change in the fund balance for the capital projects fund.

Debt service fund - During the current fiscal year, the fund balance of the School District’s debt service fund increased by \$333 or 100% to \$0 as of June 30, 2021.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District’s food service fund increased by \$457,050 to \$503,866 as of June 30, 2021, compared to an increase of \$8,650 in fund balance in the prior fiscal year.

Capital Assets

The School District’s capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$8,965,141 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements and equipment. The School Districts “Net Investment in Capital Assets” component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net decrease in the School District’s investment in capital assets for the current fiscal year in the amount of \$200,207. This decrease is primarily due to the current year depreciation of capital assets exceed the pay down of debt or current year construction. Table 4 shows fiscal 2021 balances compared to 2020.

Table 4
Summary of Capital Assets

<u>Capital Assets (Net of Depreciation):</u>	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Land	\$ 101,593	\$ 101,593	\$ -	0.0%
Construction in Progress	855,817	627,659	228,158	36.4%
Land Improvements	925,211	925,211	-	0.0%
Building and Improvements	19,631,722	19,613,222	18,500	0.1%
Equipment	2,586,884	2,420,606	166,278	6.9%
Accumulated Depreciation	(15,136,086)	(14,522,943)	(613,143)	4.2%
	<u>\$ 8,965,141</u>	<u>\$ 9,165,348</u>	<u>\$ (200,207)</u>	-2.2%

Depreciation expense for the year was \$613,413. Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

PITMAN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District's outstanding debt issues included \$3,290,000 of general obligation bonds, compensation absence liability of \$517,243, net pension liability of \$5,084,844, unamortized bond premiums of \$256,674 and \$605,071 of capital lease obligations.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Factors on the School District's Future

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

- P.L. 2004 restricts increases to budgets in total administrative costs (including fixed charges). This has and will continue to present challenges to the budgeting process. Special Education costs are an issue during each budgeting cycle. The School District has experienced the need for additional resources for in-house programs.
- Reduction in School Funding (Senate Bill 2- adjustment aide phase out), the reduction of state aid about (\$1.5 million over several years) has created significant challenges in meeting operational costs. The district has made large cuts to teaching staff, with more cuts expected. The district has reconfigured our elementary grade configuration to create staff and program efficiencies. These cuts have resulted in flat or negative revenue for the past few years, making it difficult to preserve programs. The district may be faced with further configuration changes, and perhaps the closing of multiple schools within a few years.
- The district has experienced sizeable enrollment declines for several years. However, due to the implementation of the 3- and 4-year-old parent paid tuition program and our existing K-12 tuition program, the district has approximately 25 tuition students. Continuing decreases have impacted district staffing levels and program offerings. 11.5 teaching positions were eliminated for the 2019-2020 school year, and an additional 9 teaching positions were reduced for 2020-2021, support staff positions, and administrative positions were also impacted.
- On September 29, 2009, the Board passed a bond referendum for the funding of installation of solar panels on the Pitman High School roof. In future years the School District will generate Solar Renewable Energy Credits (SREC's) on the open market. This revenue source will be used to refund our budgeted energy costs. The SREC market has been depressed in recent years, reducing those revenues; the SREC program will be transitioning to a new program (TREC), with a more modest rebate to districts expected.
- The district is evaluating potential referenda and/or capital improvements, as old debt will be reduced in 2024-2025. Aging buildings may be closed, and others reconfigured to meet student needs. Beginning in 2020-21, Memorial School was reconfigured as an

PITMAN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Factors on the School District's Future (continued)

early childhood center and Walls and Kindle Schools were redistricted. These moves facilitated staffing cuts and other efficiencies.

- The State Legislature enacted a 2% cap on property tax increases that was in effect with the development of school district budgets for the 2020-21 school year. Currently the district has no additional flexibility in the form of banked cap to add revenue.
- Legislation enacted in June 2011 sets employee contribution rates towards the cost of health benefits over a four-year phase-in period. This phase-in period is complete, with all employee contributions at the highest tier. While these contributions helped offset annual increases in premiums, the average rate of increases has exceeded the expected contributions, as well as the annual increase pool of contributions. Chapter 44 legislation has impacted the district by increased board costs of approximately \$100,000. The district participated in the Healthcare Trust and our base healthcare plans are already less costly than the proposed NJEHP and Garden State Plans. Due to expected opt-in to those plans, employee contributions are expected to decline further, thereby shifting the difference to the Board of Education to pay.
- Since 2011-12, the School District has joined with approximately 30 other districts as part of a health insurance trust in an effort to better control annual premium increases.
- The 2011 closing of the former Sony DADC plant (largest taxpayer) has impacted the development of school budgets. This is due to tax settlements between the plant's owner and the municipality that lowered their tax burden from prior years. As payment from the largest ratable in the community, it is also possible that tax abatements or similar incentives might be necessary to attract a future tenant to purchase and develop the property. Currently, there are no firm plans to develop the property, but several concepts have been discussed.

COVID-19 Pandemic

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

PITMAN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary's Office, Pitman Borough School District, 420 Hudson Avenue, Pitman, NJ 08071.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

PITMAN BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 776,883	\$ 686,509	\$ 1,463,392
Receivables, Net (Note 4)	711,910	88,980	800,890
Inventory		12,155	12,155
Restricted Assets:			
Restricted Cash & Cash Equivalents	3,575,194		3,575,194
Capital Assets:			
Non-Depreciable (Note 5)	705,595		705,595
Depreciable, Net (Note 5)	8,122,543	137,003	8,259,546
Total Assets	13,892,125	924,647	14,816,772
DEFERRED OUTFLOW OF RESOURCES			
Deferred Charges on Refunding of Debt	191,299	-	191,299
Deferred Outflows Related to Pensions (Note 8)	856,769	-	856,769
Total Deferred Outflow of Resources	1,048,068	-	1,048,068
Total Assets and Deferred Outflow of Resources	14,940,193	924,647	15,864,840
LIABILITIES			
Accounts Payable	616,571	200,495	817,066
Payroll Deductions and Withholdings Payable	94,722		94,722
Accrued Interest Payable	61,703	-	61,703
Due to Other Governments	361,312	-	361,312
Unearned Revenue	5,955	3,488	9,443
Other post-employment obligations	495,390		495,390
Noncurrent Liabilities (Note 7):			
Due Within One Year	892,832	-	892,832
Due Beyond One Year	8,961,643	-	8,961,643
Total Liabilities	11,490,128	203,983	11,694,111
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	2,524,683	-	2,524,683
Total Deferred Inflow of Resources	2,524,683	-	2,524,683
Total Liabilities and Deferred Inflow of Resources	14,014,811	203,983	14,218,794
NET POSITION			
Net Investment in Capital Assets	4,805,989	137,003	4,942,992
Restricted For:			
Debt Service			-
Excess Surplus	154,419		154,419
Capital Reserve	2,429,896		2,429,896
Maintenance Reserve	794,636		794,636
Unemployment Compensation	350,662		350,662
Scholarships	22,362		22,362
Student Activities	100,431		100,431
Assigned	420,025		420,025
Unrestricted (Deficit)	(8,153,038)	583,661	(7,569,377)
Total Net Position	\$ 925,382	\$ 720,664	\$ 1,646,046

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

**PITMAN BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 7,444,779	\$ -	\$ 576,632	\$ (6,868,147)	\$ -	\$ (6,868,147)
Special Education	2,889,151			(2,889,151)		(2,889,151)
Other Special Instruction	214,195			(214,195)		(214,195)
Other Instruction	441,113			(441,113)		(441,113)
Support Services & Undistributed Costs:						
Student & Instruction Related Services	4,082,311	68,141	223,190	(3,790,980)		(3,790,980)
General Administrative Services	531,411			(531,411)		(531,411)
School Administrative Services	1,237,982			(1,237,982)		(1,237,982)
Central Services	307,003			(307,003)		(307,003)
Plant Operations & Maintenance	1,847,535			(1,847,535)		(1,847,535)
Pupil Transportation	257,147			(257,147)		(257,147)
Unallocated Benefits	17,812,512		9,693,027	(8,119,485)		(8,119,485)
Capital Outlay	-		122,110	122,110		122,110
Interest and Other Charges	141,437			(141,437)		(141,437)
Unallocated Depreciation	542,051			(542,051)		(542,051)
Total Governmental Activities	37,748,627	68,141	10,614,959	(27,065,527)	-	(27,065,527)
Business-Type Activities:						
Food Service	722,825	553	1,179,322	(457,050)	457,050	457,050
Other Activities	222,936	77,758		(145,178)		(145,178)
Total Business-Type Activities	945,761	78,311	1,179,322	-	311,872	311,872
Total Primary Government	\$ 38,694,388	\$ 146,452	\$ 11,794,281	(27,065,527)	311,872	(26,753,655)

**PITMAN BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FUNCTIONS/PROGRAMS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes	14,600,290		14,600,290
Property Taxes Levied for Debt Service	425,356		425,356
Federal & State Aid Not Restricted	13,892,737		13,892,737
Tuition - From Individuals	60,667		60,667
Tuition - From Other LEAS	122,620		122,620
Miscellaneous Income	158,836	3,711	162,547
Interest on Investments	10,309		10,309
Other Restricted Miscellaneous Revenue	14,855		14,855
Prior Year Receivables Canceled	(2,100)		(2,100)
Transfers	(66,267)	66,267	-
Total General Revenues & Transfers	29,217,303	69,978	29,287,281
Change In Net Position	2,151,776	381,850	2,533,626
Net Position - Beginning	(1,985,367)	338,814	(1,646,553)
Prior period adjustment	758,973		758,973
Net Position - Beginning as Restated	(1,226,394)	338,814	(887,580)
Net Position - Ending	925,382	720,664	1,646,046

B. Fund Financial Statements

Governmental Funds

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PITMAN BOROUGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	TOTALS
Assets:				
Cash & Cash Equivalents	\$ 654,090	\$ 122,793		\$ 776,883
Due From Other Funds	298,383			298,383
Receivables From Other Governments	236,118	472,389		708,507
Other Accounts Receivable	3,403			3,403
Restricted Cash & Cash Equivalents	3,575,194	-		3,575,194
	<hr/>			<hr/>
Total Assets	\$ 4,767,188	\$ 595,182	\$ -	\$ 5,362,370
	<hr/>			<hr/>
Liabilities & Fund Balances:				
Liabilities:				
Accounts Payable	444,065	172,506		616,571
Interfund Payable		298,383		298,383
Payroll Deductions and Withholdings Payable	94,722			94,722
Unearned Revenue	4,455	1,500		5,955
	<hr/>			<hr/>
Total Liabilities	543,242	472,389	-	1,015,631
	<hr/>			<hr/>
Fund Balances:				
Restricted for:				
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	154,419			154,419
Capital Reserve Account	2,429,896			2,429,896
Maintenance Reserve Account	794,636			794,636
Unemployment Compensation	350,662			350,662
Scholarships		22,362		22,362
Student Activities		100,431		100,431
Assigned to:		-		-
Other Purposes	39,444			39,444
Designated by the BOE for Subsequent Year's Expenditures	375,368			375,368
FFCRA/SEMI Designated for Subsequent Year's Expenditures	5,213			5,213
Unassigned:				
General Fund	74,308	-		74,308
	<hr/>			<hr/>
Total Fund Balances	4,223,946	122,793	-	4,346,739
	<hr/>			<hr/>
Total Liabilities & Fund Balances	\$ 4,767,188	\$ 595,182	\$ -	
Balances	<hr/>			<hr/>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$23,784,869 and the accumulated depreciation is \$14,956,731.	8,828,138
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	856,769
Deferred Inflows related to pensions	(2,524,683)
Deferred Outflow related to the loss on bond refunding of debt	191,299
Accrued pension contributions for the June 30, 2021 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(361,312)
Accrued interest payable is not recorded in the fund financial Statements due to the fact that the payable is not due in the current period.	(61,703)
Other Post-Employment Benefits, are not due and payable in the current period and therefore, are not reported as a liability in the funds.	(495,390)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Illustrative Note 7)	<u>(9,854,475)</u>
	<u>\$ 925,382</u>
Net Position of Governmental Activities	

**PITMAN BOROUGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund	Special Revenue Fund	Debt Service Fund	Totals
Revenues:				
Local Sources:				
Local Tax Levy	\$ 14,600,290	\$ -	\$ 425,356	\$ 15,025,646
Tuition - From Individuals	60,667			60,667
Tuition - From Other LEAS	122,620			122,620
Miscellaneous	158,836	83,891		242,727
Interest on Investments	10,309			10,309
Other Restricted Miscellaneous Revenues	14,855			14,855
Total Revenues - Local Sources	14,967,577	83,891	425,356	15,476,824
State Sources	14,355,482		326,594	14,682,076
Federal Sources	77,024	906,182		983,206
Total Revenues	29,400,083	990,073	751,950	31,142,106
Expenditures:				
Current:				
Regular Instruction	7,440,496			7,440,496
Special Education Instruction	2,312,519	576,632		2,889,151
Other Special Instruction	214,195			214,195
Other Instruction	439,916			439,916
Support services & undistributed costs:				
Student & instruction related services	3,743,346	306,434		4,049,780
General administrative services	531,411			531,411
School administrative services	1,237,982			1,237,982
Central services	307,003			307,003
Plant operations and maintenance	1,833,900			1,833,900
Pupil transportation	257,147			257,147
Employee benefits	9,135,438			9,135,438
Capital Outlay	388,881	122,110		510,991
Debt Service				
Principal			620,000	620,000
Interest	2,213		131,950	134,163
Total Expenditures	27,844,447	1,005,176	751,950	29,601,573
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,555,636	(15,103)	-	1,540,533
Other Financing Sources/(Uses):				
Transfer to Enterprise Fund	(66,267)		-	(66,267)
Transfer to Debt Service Fund	(333)		333	-
Prior Year Receivables Canceled	(2,100)			(2,100)
Total Other Financing Sources/ (Uses)	(68,700)	-	333	(68,367)
Net Change in Fund Balance	1,486,936	(15,103)	333	1,472,166
Fund Balances July 1	2,401,203	-	(333)	2,400,870
Prior Period Adjustment	335,807	137,896		473,703
Fund Balances July 1, Restated	2,737,010	137,896	(333)	2,874,573
Fund Balances June 30	\$ 4,223,946	\$ 122,793	\$ -	\$ 4,346,739

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

**PITMAN BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2021**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 1,472,166

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

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

Depreciation Expense	\$ (608,654)	
Capital Outlays	<u>308,862</u>	(299,792)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 620,000

Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:

Amortization of Premium on Bonds	51,335	
Amortization of Loss on Bond Refunding	<u>(46,719)</u>	4,616

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. 341,873

OPEB expenditures in the Statement of Activates differs from the amounts reported in the Governmental Funds because OPEB is recorded based on the contributions made, and thus requires the use of current financial resources. In the Statement of Activities, however, OPEB is recognized based on the annual required contribution. (91,640)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 217,086

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.

Prior year	49,813	
Current Year	<u>(61,703)</u>	(11,890)

Repayment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (100,643)

Change in Net Position of Governmental Activities \$ 2,151,776

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

Proprietary Funds

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**PITMAN BOROUGH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds		
	Food Service	Before/After	Total
	Fund	School	
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 463,922	\$ 222,587	\$ 686,509
Due from Other Governments	87,963	-	87,963
Other Receivable	1,017	-	1,017
Inventories	12,155	-	12,155
Total Current Assets	565,057	222,587	787,644
Capital Assets:			
Equipment	316,359	-	316,359
Less: Accumulated Depreciation	(179,356)	-	(179,356)
Total Capital Assets	137,003	-	137,003
Total Assets	702,060	222,587	924,647
LIABILITIES			
Unearned Revenue	950	2,538	3,488
Accounts Payable	197,244	3,251	200,495
Total Liabilities	198,194	5,789	203,983
NET POSITION			
Net Investment in Capital Assets	137,003	-	137,003
Unrestricted	366,863	216,798	583,661
Total Net Position	\$ 503,866	\$ 216,798	\$ 720,664

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

**PITMAN BOROUGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds			
	Food Service Fund	Preschool	Before/After School	Totals
Operating Revenues:				
Charges for Services:				
Daily Sales - Nonreimbursable Programs	\$ 171	\$ -	\$ -	\$ 171
Special Functions	382			382
Tuition		31,440	46,318	77,758
Total Operating Revenues	553	31,440	46,318	78,311
Operating Expenses:				
Salaries	195,871	102,580	106,232	404,683
Employee Benefits	21,129		7,967	29,096
Other purchased services (400-500 series)			217	217
Supplies and Materials	108,184		2,340	110,524
Management Fee	25,000			25,000
Miscellaneous other expenses	10,749		3,600	14,349
Cost of Sales - Reimbursable	357,282			357,282
Cost of Sales - Non Reimbursable	121			121
Depreciation Expense	4,489			4,489
Total Operating Expenses	722,825	102,580	120,356	945,761
Operating Income/(Loss)	(722,272)	(71,140)	(74,038)	(867,450)
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	28,278			28,278
Federal Sources:				
National School Lunch Program	587,437			587,437
School Breakfast	378,236			378,236
Healthy Hunger-Free Kids Act	11,715			11,715
COVID-19 National School Lunch Program	71,011			71,011
COVID-19 School Breakfast	45,722			45,722
COVID-19 Healthy Hunger-Free Kids Act	1,416			1,416
Food Distribution Program	55,507			55,507
Transfer from General Fund		66,267		66,267
Prior Year Receivable Canceled		(34)		(34)
Prior Year Compensated Absences Canceled		5,365		5,365
Prior Year Refund			(1,620)	(1,620)
Total Nonoperating Revenues/(Expenses)	1,179,322	71,598	(1,620)	1,249,300
Change in Net Position	457,050	458	(75,658)	381,850
Total Net Position - Beginning	46,816	(458)	292,456	338,814
Total Net Position - Ending	\$ 503,866	\$ -	\$ 216,798	720,664

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

**PITMAN BOROUGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds			
	Food Service Fund	Preschool	Before/After School	Totals
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 464	\$ 33,810	\$ 48,856	\$ 83,130
Payments to Employees	(195,871)	(102,580)	-	(298,451)
Payment for Employee Benefits	(21,129)	-	-	(21,129)
Payments to Suppliers	(368,140)	-	(123,218)	(491,358)
Net Cash Provided/(Used) by Operating Activities	(584,676)	(68,770)	(74,362)	(727,808)
Cash Flows From Noncapital Financing Activities:				
State Sources	25,685	-	-	25,685
Federal Sources	1,030,459	-	-	1,030,459
Operating Subsidies and transfer to other funds	(21,900)	66,267	-	44,367
Net Cash Provided/(Used) by Noncapital Financing Activities	1,034,244	66,267	-	1,100,511
Net Increase/(Decrease) in Cash & Cash Equivalents	449,568	(2,503)	(74,362)	372,703
Balances - Beginning of Year	14,354	2,503	296,949	313,806
Balances - End of Year	\$ 463,922	\$ -	\$ 222,587	\$ 686,509

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (722,272)	\$ (71,140)	\$ (74,038)	\$ (867,450)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:				
Food Distribution Program	55,507	-	-	55,507
Depreciation & Net Amortization	4,489	-	-	4,489
(Increase)/Decrease in Accounts Receivable	440	2,970	-	3,410
(Increase)/Decrease in Inventories	(1,400)	-	-	(1,400)
Increase/(Decrease) in Accounts Payable	87,837	-	(2,862)	84,975
Increase/Decrease in Deferred Revenue	(9,277)	(600)	2,538	(7,339)
Total Adjustments	137,596	2,370	(324)	139,642
Net Cash Provided/(Used) by Operating Activities	\$ (584,676)	\$ (68,770)	\$ (74,362)	\$ (727,808)

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

PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies

The financial statements of the Pitman School District (the ‘School District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through twelve at its five schools.

The primary criterion for including activities within the School District’s reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the School District over which the Board exercises operating control.

Component Units

GASB Statement No.14. The Financial Reporting Entity provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34, GASB Statement No. 80, Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14 and GASB Statement No. 90 – Majority Equity Interests – an Amendment of GASB Statements No. 14 & No. 61. The School District had no component units as of for the year ended June 30, 2021.

Government-Wide Financial Statements

The School District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all the School District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending, or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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 in 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges 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 taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the School District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

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 School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. 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 and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

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. The principal operating revenues of the Food Service Fund, Summer Camps, Little Pioneers, School Store and Internal Service Fund are

PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies (continued):

charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The School District does not maintain any internal service funds.

The School District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the School 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 Department of Education the School 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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.

The School District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the School District's cafeteria operations.

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

Before/After School Program – This fund accounts for the revenues and expenses pertaining to the School District’s before/after school program.

Preschool – This fund accounts for the revenues and expenses pertaining to the revenues and expenses pertaining to the School District’s preschool program.

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations, and the board of education members are elected at the November general election. 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. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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 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.

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

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 assigned 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 School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

Cash and Cash Equivalents

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

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

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

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 savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2021 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore, those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

Compensated Absences

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

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead, expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Accounting 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 assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies governmental fund balances as follows:

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2021.
- Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District’s policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District’s policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in 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 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 creditors, grantors or laws or regulations of other governments.

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2021:

GASB Statement No. 84, "*Fiduciary Activities*". The objective GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. Management has implemented this Statement in the School District's financial statements for the year ended June 30, 2021, with a prior period restatement to beginning net position. See Note 21 for further details.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the School District's financial statements.

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued):

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Outflows and Deferred 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 represent 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.

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.

Pensions

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

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 2. Cash Deposits and Investments (Continued)

intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2021, the School District's bank balance of \$5,295,332 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	4,692,099
Uninsured and Uncollateralized		603,233
		\$ 5,295,332

Investments

The School District has no investments as of June 30, 2021.

Note 3. Reserve Accounts

A. Capital Reserve

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 3. Reserve Accounts (continued):

A. Capital Reserve (continued)

Beginning Balance, July 1, 2020	\$	390,564
Increased by:		
Interest Earnings		96
Deposits approved by Board		2,202,091
Return of Unspent Funds		<u>227,719</u>
		2,820,470
Decreased by:		
Budget Withdrawals		<u>(390,574)</u>
Ending Balance, June 30, 2021	\$	<u><u>2,429,896</u></u>

The June 30, 2021, balance did not exceed the LRF balance of local support costs of uncompleted capital projects.

B. Maintenance Reserve Account

The School District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$	912,936
Increased by:		
Return of Unspent Funds		<u>276,076</u>
		1,189,012.00
Decreased by:		
Budget Withdrawals		<u>(394,376)</u>
Ending Balance, June 30, 2021	\$	<u><u>794,636</u></u>

Note 4. Accounts Receivable

Accounts receivable at June 30, 2021 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 4. Accounts Receivable (Continued)

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ 518	\$ 472,389	\$ 472,907	\$ 84,283	\$ 84,283
State Awards	172,415		172,415	3,680	3,680
Other	66,588		66,588	1,017	1,017
Total	\$ 239,521	\$ 472,389	\$ 711,910	\$ 88,980	\$ 88,980

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2021</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 101,593	\$ -	\$ -	\$ 101,593
Construction in Progress (not in service)	627,659	251,816	(23,658)	855,817
Total Capital Assets not being depreciated	729,252	251,816	(23,658)	957,410
Capital Assets being depreciated:				
Land Improvements	925,211	-	-	925,211
Buildings and Improvements	19,613,222	18,500		19,631,722
Equipment	2,208,321	62,204		2,270,525
Total Capital Assets being depreciated	22,746,754	80,704	-	22,827,458
Less: Accumulated Depreciation:				
Land Improvements	(887,830)	(5,825)		(893,655)
Buildings and Improvements	(11,902,671)	(495,433)		(12,398,104)
Equipment	(1,557,575)	(107,396)		(1,664,971)
Total Accumulated Depreciation	(14,348,076)	(608,654)	-	(14,956,730)
Total Capital Assets being depreciated, net	8,398,678	(527,950)	-	7,870,728
Total Governmental Activities Capital Assets, net	\$ 9,127,930	\$ (276,134)	\$ (23,658)	\$ 8,828,138

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 5. Capital Assets (continued):

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u> <u>and Transfers</u>	<u>Balance</u> <u>June 30, 2021</u>
Business-Type Activities:				
Equipment	\$ 212,285	\$ 104,074	\$ -	\$ 316,359
Total Capital Assets being depreciated	<u>212,285</u>	<u>104,074</u>	<u>-</u>	<u>316,359</u>
Less: Accumulated Depreciation:				
Equipment	(174,867)	(4,489)	-	(179,356)
Total Capital Assets being depreciated, net	<u>(174,867)</u>	<u>(4,489)</u>	<u>-</u>	<u>(179,356)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 37,418</u>	<u>\$ 99,585</u>	<u>\$ -</u>	<u>\$ 137,003</u>

Depreciation was charged to the following line-items

Governmental Activities:

Regular Instruction	\$ 4,283
Instruction Other	1,197
Student and Instruction Related Services	32,531
Operations and Maintenance	28,592
Unallocated	<u>542,051</u>

Total Depreciation Expense 608,654

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2021 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 298,383	
Special Revenue Fund		298,383
	<u>\$ 298,383</u>	<u>\$ 298,383</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The summary of interfund transfers follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 66,600
Debt Service Fund	333	
Preschool Fund	<u>66,267</u>	
	<u>\$ 66,600</u>	<u>\$ 66,600</u>

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 6. Interfund Receivables, Payables and Transfers (Continued)

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2021 the following changes occurred in long-term obligations:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2021</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 3,910,000	\$ -	\$ 620,000	\$ 3,290,000	\$ 645,000
Capital Leases	822,157		217,086	605,071	196,497
Unamortized Bond Premiums	308,009	-	51,335	256,674	51,335
Compensated Absences	517,243	133,688	33,045	617,886	
Net Pension Liability	5,554,745		469,901	5,084,844	
Loan Payable	878,161		878,161	-	
	<u>\$ 11,990,315</u>	<u>\$ 133,688</u>	<u>\$ 2,269,528</u>	<u>\$ 9,854,475</u>	<u>\$ 892,832</u>
Business-Type Activities:					
Compensated Absences	\$ 5,365		\$ 5,365	-	
	<u>\$ 5,365</u>	<u>\$ -</u>	<u>\$ 5,365</u>	<u>\$ -</u>	<u>\$ -</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

A. Bonds Payable:

On June 2, 2006, the District issued \$5,860,000 in Refunding Bonds with a net interest cost of 1.919923% to advance refund; \$1,280,000 of outstanding 2005 Refunding School Bonds with an average interest rate of 2.86%; \$3,594,000 of outstanding 2006 school bonds with an average interest rate of 3.59%; \$1,005,000 of outstanding 2009 school bonds with an interest rate of 3.77%. The net proceeds of \$6,264,787, including a premium on the bonds of \$517,626 and net of payments of \$32,230 in underwriting fees and \$80,609 of issuance costs, were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for part of future debt service payments when due. Payable in annual installments through August 1, 2025. Interest is paid semi-annually at varying rates ranging from 3% to 4% per annum. The balance remaining as of June 30, 2021, was \$3,290,000.

Principal and Interest due on the outstanding bonds is as follows:

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Long-Term Obligations (continued):

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	645,000	109,875	\$ 754,875
2023	665,000	86,900	751,900
2024	700,000	59,600	759,600
2025	720,000	31,200	751,200
2026	560,000	8,400	568,400
	<u>\$ 3,290,000</u>	<u>\$ 295,975</u>	<u>\$ 3,585,975</u>

Principal and Interest due on the outstanding capital leases are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 196,497	\$ 15,853	\$ 212,350
2023	201,645	10,705	212,350
2024	206,929	5,422	212,351
	<u>\$ 605,071</u>	<u>\$ 31,980</u>	<u>\$ 637,051</u>

Bonds Authorized But Not Issued:

As of June 30, 2021, the School District had no authorized but not issued bonds.

Note 8. Pension Plans

A. Public Employees' Retirement System (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/gasb-notice.shtml.

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

The following represents the membership tiers for PERS:

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

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

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 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 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, P.L. 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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources – As of June 30, 2021, the School District reported a liability of \$5,084,844 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The School District's proportion measured as of June 30, 2020, was 0.0311812365%, which was a decrease of 0.0066950% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized full accrual pension expense of \$341,107 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2020, measurement date. As of June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 92,587	\$ 17,982
Changes of Assumptions	164,958	2,129,072
Net Difference between Projected and Actual Earnings on Pension Plan Investments	173,804	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	64,108	377,629
School District Contributions Subsequent to Measurement Date	361,312	
	\$ 856,769	\$ 2,524,683

\$361,312 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on the amount payable to the State due April 1, 2022 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ (782,867)
2022	(687,517)
2023	(374,416)
2024	(125,298)
2025	(59,128)
	\$ (2,029,226)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions – The collective 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 assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

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

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

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

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
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%

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals 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 made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the discount rate of 7.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 6,451,304</u>	<u>\$ 5,084,844</u>	<u>\$ 3,999,278</u>

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

Balances at June 30, 2021 and June 30, 2020

	<u>6/30/2021</u>	<u>6/30/2020</u>
	June 30, 2020	June 30, 2019
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 2,347,583,337	\$ 3,149,522,616
Deferred Inflows of Resources	7,849,949,467	7,645,087,574
Net Pension Liability	16,435,616,426	18,143,832,135
District's portion of the Plan's total Net Pension Liability	0.031181237%	0.024486344%

B. Teachers' 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 Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

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

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

years of service credit, and tier 5 before age 65 with 30 or more years 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 contribution policy for TPAF is set by *N.J.S.A 18A:66* 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. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2020, was \$75,393,914. The School District's proportionate share was \$-0-.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the School District was based on projection of the State's long-term contributions to the pension plan associated with the School District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. As of June 30, 2020, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.1144955082%, which was a decrease of 0.003031% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the School District recognized \$4,688,315 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2020, measurement date.

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:

**PITMAN BOROUGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Inflation		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through 2026	1.55 - 4.45%	Based on Years of Service
Thereafter	2.75 - 5.65%	Based on Years of Service
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.

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% as of June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. 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 are summarized in the following table:

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
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%

Discount Rate - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. The single blended discount rate was based on 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 municipals 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 made based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 5.40% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

	1% Decrease <u>(4.40%)</u>	Current Discount Rate <u>(5.40%)</u>	1% Increase <u>(6.40%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>88,558,970</u>	<u>75,393,914</u>	<u>64,462,535</u>
	<u>\$ 88,558,970</u>	<u>\$ 75,393,914</u>	<u>\$ 64,462,535</u>

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

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

Balances at June 30, 2021 and June 30, 2020

	<u>6/30/2021</u>	<u>6/30/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 9,626,548,228	\$ 10,129,162,237
Deferred Inflows of Resources	14,591,988,841	17,736,240,054
Net Pension Liability	65,993,498,688	61,519,112,443
District's portion of the Plan's total Net Pension Liability	0.114495508%	0.117526521%

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- 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 established "maximum compensation" limits

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

- Employees enrolled in the Police and Firemen’s Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established “maximum compensation” limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2020 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per
- week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2021, employee contributions totaled \$17,313, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$12,750.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

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

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

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued):

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

Basis of Presentation

The Schedule presents the State of New Jersey’s obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles.

Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total Nonemployer OPEB Liability

The total nonemployer 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.

Total Nonemployer OPEB Liability: \$ 67,809,962,608

Inflation Rate: 2.5%

	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.45% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on years of service
Thereafter	1.55 - 4.45% based on years of service	3.00 - 7.00% based on years of service	Applied to all future years

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

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

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued):

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the School District as of June 30, 2020 was \$97,382,442. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2020, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the OPEB Obligation associated with the School District was based on projection of the State's long-term contributions to the OPEB plan associated with the School District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2020, the State proportionate share of the OPEB Obligation attributable to the School District was 0.14361%, which was a decrease of 0.00267% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB expense in the amount of \$4,138,349 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2020 measurement date.

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. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2021 through 2022 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%.

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 Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 117,399,560	\$ 97,382,442	\$ 81,730,983
State of New Jersey's Total Non- employer Liability	\$ 81,748,410,002	\$ 67,809,962,608	\$ 56,911,439,160

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

9. Other Post-Retirement Benefits (continued):

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

The following presents the total nonemployer OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 78,610,391	\$ 97,382,442	\$ 119,735,782
State of New Jersey's Total Nonemployer OPEB Liability	\$ 54,738,488,540	\$ 67,809,962,608	\$ 83,375,182,975

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2020 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion Differences between Expected & Actual Experience	\$ 10,295,318,750	\$ (9,170,703,615)
Change in Assumptions	-	-
Contributions Made in Fiscal Year Year Ending 2020 After June 30, 2019 Measurement Date **	11,534,251,250	(7,737,500,827)
	TBD	-
	\$ 21,829,570,000	\$ (16,908,204,442)

** Employer Contributions made after June 30, 2020 are reported as a deferred outflow of resources, but are not amortized in expense.

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

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

9. Other Post-Retirement Benefits (continued):

Fiscal Year Ending June 30,	
2021	\$ 43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Thereafter	<u>4,704,163,473</u>
	<u>\$ 4,921,365,558</u>

Plan Membership

At June 30, 2019, the Program membership consisted of the following:

	<u>June 30, 2019</u>
Active Plan Members	216,804
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	<u>149,304</u>
	<u>366,108</u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

Total OPEB Liability

Service Cost	\$ 1,790,973,822
Interest Cost	1,503,341,357
Difference Between Expected & Actual Experience	11,544,750,637
Changes of Assumptions	12,386,549,981
Contributions: Member	35,781,384
Gross Benefit Payments	<u>(1,180,515,618)</u>
Net Change in Total OPEB Liability	26,080,881,563
Total OPEB Liability (Beginning)	<u>41,729,081,045</u>
Total OPEB Liability (Ending)	<u>\$ 67,809,962,608</u>
Total Covered Employee Payroll	\$ 14,267,738,658
Net OPEB Liability as a Percentage of Payroll	475%

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2021, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$3,259,505, \$865,106, \$1,021,478, and \$1,257, respectively.

Note 11. Risk Management

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 24,360	\$ 764	\$ 10,269	\$ 350,662
2019-2020	23,555	1,318	20,064	335,807
2018-2019	27,223	1,318	34,072	330,998

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – It is the opinion of the administration and legal counsels, that there exists no litigation or contingent liability that may be pending against the Pitman School District that would have a material or adverse effect on the Board or the financial position of the School District.

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 13. Economic Dependency

The School District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District's programs and activities.

Note 14. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning, Inc. Met Life	Metlife Universal-Travelers Voya Financial
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Note 15. Compensated Absences

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. The School District 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 School District for the unused sick leave in accordance with Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2021 is \$617,886.

Note 16. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 16. Tax Abatements (continued):

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

Note 17. Operating Leases

The School District has commitments to lease copiers under operating leases for four to five years. Total lease payments made during the year ended June 30, 2021, amounted to \$53,220. Future minimum lease payments are as follows:

Fiscal Year Ending June 30,	Amount
2022	\$ 44,949
2023	44,607
2024	42,840
2025	25,384
Total Minimum Lease Payments	157,780

Note 18. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund, Fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. The excess fund balance as of June 30, 2021 was \$0.

Note 19. Fund Balance

General Fund – Of the \$4,223,946 General Fund, Fund balance as of June 30, 2021, \$2,429,896 has been reserved in the Capital Reserve Account; \$794,636 has been reserved in the Maintenance Reserve Account; \$350,662 has been restricted for unemployment compensation; \$0 is restricted for current year excess surplus; \$154,419 is restricted for excess surplus – designated for subsequent year’s expenditures; \$39,444 has been assigned for other purposes; \$375,368 has been assigned as designated for subsequent years expenditures; \$5,213 has been assigned FFCRA/Semi designated for subsequent years expenditures and \$74,308 is unassigned.

Special Revenue Fund – Of the \$122,793 Special Revenue Fund, Fund balance as of June 30, 2021, \$122,793 is restricted for student activities.

Capital Projects Fund – \$0 Capital Projects Fund, Fund balance as of June 30, 2021,

Debt Service Fund - \$0 Debt Service Fund, fund balance as of June 30, 2021.

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 20. Deficit in Net Position

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$(8,214,741)) as of June 30, 2021. The primary causes of the deficit are the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employees’ Retirement System (PERS) as of June 30, 2021. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Note 21. Prior Period Restatement

As discussed in Note 1, the School District has implemented GASB Statement No. 84 – *Fiduciary Activities* in the School District’s financial statements for the year ended June 30, 2021. As a result, net position and fund balances as of July 1, 2020 has been restated as follows:

Governmental Activities (Exhibit A-2):

Net Position as previously reported at June 30, 2020	\$(1,985,367)
Prior Period Adjustment:	
Restatement of Deferred Inflows/Outflows related to Pension (GASB 68)	285,270
Unemployment Fund	335,807
Scholarships	22,362
Student Activities Fund	<u>115,534</u>
Total Prior Period Adjustment	<u>758,973</u>
Net Position as restated, July 1, 2020	<u><u>\$(1,226,394)</u></u>

General Fund (Exhibit B-2):

Fund Balance as previously reported at June 30, 2020	\$ 2,401,203
Prior Period Adjustment:	
Unemployment Fund	<u>335,807</u>
Total Prior Period Adjustment	<u>335,807</u>
Net Position as restated, July 1, 2020	<u><u>2,737,010</u></u>

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 21. Prior Period Restatement (Continued)

Special Revenue Fund (Exhibit B-2):

Fund Balance as previously reported at June 30, 2020	\$	-
Prior Period Adjustment:		
Scholarships	\$	22,362
Student Activities Fund		114,534
Total Prior Period Adjustment		136,896
Net Position as restated, July 1, 2020	\$	136,896

Note 22. Investment in Solar Renewable Energy Certificates (SREC'S)

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

The School District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quotes prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. As of June 30, 2021, the investment in SREC's was \$0. All SREC's available as of June 30, 2021, were sold by year-end and no amount was recorded as a receivable.

Note 23. Post-Employment Healthcare Plan for Former Administrators

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

Funding Policy - Retirees contribute \$25 per month towards their healthcare premiums, which cover medical, prescription drug, and vision benefits. The rest of the premiums are paid by the Board. The individual contribution requirements of the healthcare plan were established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2021 the School District contributed \$77,543 to the plan for current premiums.

As of June 30, 2021, there were 6 retirees receiving post-retirement healthcare benefits under this plan.

Actuarial Assumptions and Methods - The actuarial assumptions used to value the postretirement medical liabilities can be categorized into three groups:

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 23. Post-Employment Healthcare Plan for Former Administrators (Continued)

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

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

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

GASB 75 Discount Rate - The discount rate for unfunded plans should be the single rate that reflects a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/AAa or higher (or an equivalent quality on another scale). The plan is currently unfunded. We used the “20-Bond GO Index” to establish a discount rate of 2.15% as of the valuation date.

Health Care Cost Trend Rates -Plan premium rates are assumed to increase at 6.0% per annum for AmeriHealth and 4.5% per annum for Horizon.

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

Monthly Per Capita Claims Cost -

Period	AmeriHealth Traditional	Horizon Medicare Blue
July 1, 2020-June 30, 2021	\$1,060.84	\$293.30
July 1, 2021-June 30, 2022	\$1,082.06	\$262.63

Future premium rates are assumed to increase with trend.

Demographic Assumptions

Mortality

Sex-distinct RP-2014 Healthy White-Collar Annuitants Mortality Table (head-counted weighted) projected with scale MP-2020.

Retirement Rates – N/A

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 23. Post-Employment Healthcare Plan for Former Administrators (Continued)

Withdrawal – N/A

Participation Rates N/A

Spousal/Dependent Coverage - None

Expenses

No administrative expenses above those included in the above per capita claim’s costs are assumed in the valuation.

Decrement Timing

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

Changes Since Prior Valuation

We revised the discount rate from 2.20% to 2.15% to reflect the current interest rate environment. The mortality assumption projection scale was updated from MP-2019 to MP-2020 to reflect the latest projections scale published by the Society of Actuaries.

Methods

GASB 75 Actuarial Cost Method

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

Asset Valuation Method

The plan is currently unfunded.

	<u>6/30/2021</u>	<u>6/30/2020</u>
Total OPEB liability at beginning of year	\$ 403,750	\$ 395,043
Interest Costs	8,030	12,686
Benefit Payments	(77,543)	(65,163)
Actuarial assumption changes	(7,176)	16,233
Actuarial demographic (gain) or loss	168,329	44,951
Plan amendments	-	-
Total OPEB liability at end of year	<u>495,390</u>	<u>403,750</u>

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 23. Post-Employment Healthcare Plan for Former Administrators (Continued)

Changes in plan fiduciary net position during the year

	<u>6/30/2021</u>	<u>6/30/2020</u>
Employer contributions	\$ 77,543	\$ 65,163
Benefit payments	(77,543)	(65,163)
Projects investment returns over the year	-	-
Plan asset gain or (loss)	-	-
Administrative expenses	-	-
Fair value of plan assets at end of year	-	-
Total OPEB liability at end of year	<u>495,390</u>	<u>403,750</u>

Net OPEB liability at end of year calculated using a discount rate that is		
1-Percentage-point higher	\$ 472,238	\$ 386,814
1-Percentage-point lower	520,566	422,121

Net OPEB liability at end of year calculated using a healthcare cost trend rate that is:		
1-Percentage-point higher	\$ 517,301	\$ 419,576
1-Percentage-point lower	474,738	388,818

OPEB Expense	\$ 169,183	\$ 73,870
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Note 24. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and February 4, 2022, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items other than the below have come to the attention of the School District that would require disclosure.

The COVID-19 pandemic is ongoing. Because of the evolving nature of the outbreak and federal, state and local responses, it cannot be predicted how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. To date the School District has not been materially and adversely affected financially due to the virus.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**PITMAN BOROUGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBER	JUNE 30, 2021			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 14,600,290		\$ 14,600,290	\$ 14,600,290	
Tuition - From Individuals	10-1310	80,000		80,000	60,667	(19,333)
Tuition - From Other LEAS	10-1320				122,620	122,620
Miscellaneous	10-1990	150,500		150,500	158,740	8,240
Interest Earned on Investments	10-1510	9,500		9,500	10,309	809
Interest Earned on Capital Reserve	10-1xxx	482		482	96	(386)
Other Restricted Miscellaneous Revenues					14,855	14,855
Total Local Sources		14,840,772	-	14,840,772	14,967,577	126,805
State Sources:						
Categorical Special Education Aid	10-3132	925,239		925,239	925,239	
Equalization Aid	10-3176	7,117,182		7,117,182	7,117,182	
Security Aid	10-3177	142,285		142,285	142,285	
Adjustment Aid	10-3178	661,288		661,288	661,288	
Categorical Transportation Aid	10-3121	148,522		148,522	148,522	
Extraordinary Aid	10-3131	175,000		175,000	169,035	(5,965)
Nonbudgeted:						
On-Behalf TPAF Medical Contributions					1,021,478	1,021,478
On-Behalf TPAF Pension Contributions					3,259,505	3,259,505
On-Behalf TPAF Long-Term Disability Contributions					1,257	1,257
Reimbursed TPAF Social Security Contributions					865,106	865,106
Total State Sources		9,169,516	-	9,169,516	14,310,897	5,141,381
Federal Sources:						
Medicare Reimbursement	10-4200	35,238		35,238	61,727	26,489
COVID-19 Medicare Reimbursement	10-4210				5,213	5,213
Other Federal	10-4500				10,084	10,084
Total Federal Sources		35,238	-	35,238	77,024	41,786
Total Revenues		24,045,526	-	24,045,526	29,355,498	5,309,972
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool/Kindergarten	11-110-100-101	393,890	9,751	403,641	371,086	32,555
Grades 1 - 5	11-120-100-101	2,579,347	79,001	2,658,348	2,633,602	24,746
Grades 6 - 8	11-130-100-101	1,782,795	49,607	1,832,402	1,612,963	219,439
Grades 9-12	11-140-100-101	2,160,802	119,934	2,280,736	2,150,357	130,379
Home Instruction:						
Salaries of Teachers	11-150-100-101	5,550	362	5,912	1,472	4,440
Purchased Professional - Educational Services	11-150-100-320	20,000	2,243	22,243	11,955	10,288
Regular Programs - Undistributed Instruction:						
Purchased Technical Services	11-190-100-340	212,237	(12,468)	199,769	199,421	348
Other Purchased Services	11-190-100-500	211,620	(117,916)	93,704	33,874	59,830
General Supplies	11-190-100-610	214,583	209,313	423,896	398,976	24,920
Textbooks	11-190-100-640	48,591	(22,925)	25,666	24,645	1,021
Other Objects	11-190-100-800	2,800	425	3,225	2,145	1,080
Total Regular Programs		7,632,215	317,327	7,949,542	7,440,496	509,046

**PITMAN BOROUGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBER	JUNE 30, 2021			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Special Education:						
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	566,344	26,050	592,394	484,421	107,973
Other Salaries for Instruction	11-212-100-106	93,666	(23,110)	70,556	46,608	23,948
General Supplies	11-212-100-610	9,590		9,590	1,925	7,665
Other Objects	11-212-100-890	6,000		6,000		6,000
Total Multiple Disabilities:		675,600	2,940	678,540	532,954	145,586
Resource Room:						
Salaries of Teachers	11-213-100-101	1,391,073	98,235	1,489,308	1,415,807	73,501
Other Salaries for Instruction	11-213-100-106	312,864	62,592	375,456	310,088	65,368
Purchased Technical Services	11-213-100-340	4,000		4,000		4,000
General Supplies	11-213-000-610	3,500		3,500	2,717	783
Textbooks	11-213-100-640	1,500		1,500		1,500
Total Resource Room		1,712,937	160,827	1,873,764	1,728,612	145,152
Preschool Handicapped - Part-Time:						
Salaries of Teachers	11-215-100-101	30,789	4,588	35,377	29,782	5,595
Other Salaries for Instruction	11-215-100-106	10,609	11,913	22,522	17,882	4,640
General Supplies	11-215-100-600	1,100	(632)	468	295	173
Total Preschool Handicapped -Part-Time		42,498	15,869	58,367	47,959	10,408
Home Instruction:						
Salaries of Teachers	11-219-100-101		3,046	3,046	2,994	52
Purchased Professional Educational Services	11-219-100-320	15,000	(2,803)	12,197		12,197
Total Home Instruction		15,000	243	15,243	2,994	12,249
Total Special Education		2,446,035	179,879	2,625,914	2,312,519	313,395
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	361,450	(2,559)	358,891	212,905	145,986
General Supplies	11-230-100-610	3,018		3,018	644	2,374
Textbooks	11-230-100-640	1,325		1,325	646	679
Total Basic Skills/Remedial		365,793	(2,559)	363,234	214,195	149,039
Bilingual						
General Supplies	11-240-100-610	200		200		200
Textbooks	11-240-100-640	500		500		500
Total Bilingual		700	-	700		700

**PITMAN BOROUGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBER	JUNE 30, 2021			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	125,000	11,246	136,246	91,678	44,568
Purchase Professional Services	11-401-100-330	1,000	200	1,200	1,195	5
Purchased Services	11-401-100-500	15,500		15,500	7,573	7,927
Supplies and Materials	11-401-100-600	2,700		2,700	915	1,785
Other Objects	11-401-100-890	3,825		3,825	229	3,596
Total School Sponsored Cocurricular Activities		148,025	11,446	159,471	101,590	57,881
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	242,511	19,012	261,523	252,993	8,530
Purchased Services	11-402-100-500	55,274	(8,627)	46,647	34,913	11,734
Supplies and Materials	11-402-100-600	32,858	6,464	39,322	38,292	1,030
Other Objects	11-402-100-890	19,784		19,784	12,128	7,656
Total School Sponsored Athletics - Instruction		350,427	16,849	367,276	338,326	28,950
Total - Instruction		10,943,195	522,942	11,466,137	10,407,126	1,059,011
Undistributed Expenditures:						
Tuition						
Tuition to LEA's within state regular	11-000-100-561	10,000		10,000		10,000
Tuition to Other LEA'S Within State - Special	11-000-100-562	53,019		53,019		53,019
Tuition county vocational school regular	11-000-100-563	150,120		150,120	130,667	19,453
Tuition to CSSD & Regular Day Schools	11-000-100-565	557,589		557,589	343,447	214,142
Tuition to Private School for Handicapped - State	11-000-100-566	906,457	(106,351)	800,106	458,632	341,474
Tuition - State Facilities	11-000-100-568		39,872	39,872	39,872	-
Tuition - Other	11-000-100-569		66,479	66,479	66,479	-
Total Tuition		1,677,185	-	1,677,185	1,039,097	638,088
Health Services:						
Salaries	11-000-213-100	380,836	2,219	383,055	366,129	16,926
Purchased Professional & Technical Services	11-000-213-300	10,900	25,131	36,031	35,886	145
Supplies and Materials	11-000-213-600	5,080	2,075	7,155	6,373	782
Total Health Services		396,816	29,425	426,241	408,388	17,853
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	223,488	6,580	230,068	226,665	3,403
Purchased Professional/Educational Services	11-000-216-320	37,500		37,500	23,094	14,406
Purchased Technical Services	11-000-216-340	1,000		1,000	-	1,000
Supplies and Materials	11-000-216-600	4,500		4,500	1,016	3,484
Total Other Support Services - Students - Related Services		266,488	6,580	273,068	250,775	22,293

**PITMAN BOROUGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

ACCOUNT NUMBER	JUNE 30, 2021				POSITIVE (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Other Support Services - Extraordinary Services:						
Other Salaries for Instruction	11-000-217-106	52,874	26,970	79,844	67,072	12,772
Other Salaries	11-000-217-110	45,644	(28,084)	17,560		17,560
Purchased Professional/Educational Services	11-000-217-320	8,000	(45)	7,955	1,923	6,032
Supplies and Materials	11-000-217-600		45	45	45	-
Total Other Support Services - Extraordinary Services		106,518	(1,114)	105,404	69,040	36,364
Other Support Services - Guidance:						
Salaries Other Professional Staff	11-000-218-106	739,306	17,247	756,553	753,807	2,746
Salaries Secretaries & Clerical	11-000-218-105	57,146	1,720	58,866	57,496	1,370
Other Professional/Technical Services	11-000-218-390	11,045	(2,026)	9,019	7,888	1,131
Other Purchased Services	11-000-218-500	1,900		1,900		1,900
Supplies and Materials	11-000-218-600	5,955	2,132	8,087	8,087	-
Miscellaneous Expenditures	11-000-216-890	1,450		1,450	1,000	450
Total Other Support Services - Students - Special Services		816,802	19,073	835,875	828,278	7,597
Other Support Services - Child Study Team:						
Salaries of Other Professional Staff	11-000-219-104	487,209	9,856	497,065	401,154	95,911
Salaries Secretaries & Clerical	11-000-219-105	101,835	9,675	111,510	103,630	7,880
Other Professional/Technical Services	11-000-219-390	37,420		37,420	26,292	11,128
Other Purchased Services	11-000-219-500	1,500		1,500	1,430	70
Supplies and Materials	11-000-219-600	3,000	1,632	4,632	4,238	394
Total Other Support Services - Child Study Team		630,964	21,163	652,127	536,744	115,383
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries of Supervisors of Instruction	11-000-221-102	117,165		117,165	113,200	3,965
Salaries Other Instruction	11-000-221-104	45,540		45,540	44,000	1,540
Salaries Secretaries & Clerical	11-000-221-105	79,696	5,003	84,699	82,307	2,392
Other Professional/Technical Services	11-000-221-390	15,950	(62)	15,888	15,861	27
Supplies and Materials	11-000-221-600	2,314	(1,128)	1,186	756	430
Miscellaneous Expenditures	11-000-221-890	3,300	(991)	2,309	2,309	-
Total Improvement of Instruction Services/Other Support Services Instructional Staff		263,965	2,822	266,787	258,433	8,354
Educational Media Services/School Library:						
Salaries	11-000-222-100	116,111	1,657	117,768	106,751	11,017
Salaries of Technology Coordinators	11-000-222-177	199,261	164	199,425	195,903	3,522
Other Purchased Services	11-000-222-500	500	(500)			
Supplies and Materials	11-000-222-600	13,928	500	14,428	9,611	4,817
Miscellaneous Expenditures	11-000-222-890	300		300	275	25
Total Educational Media Services/School Library		330,100	1,821	331,921	312,540	19,381
Instructional Staff Training Services:						
Salaries of Other Professional Staff	11-000-223-104	17,040	11,383	28,423	28,423	-
Purchased Professional/Educational Services	11-000-223-320	10,000	(40)	9,960	9,960	-
Other Purchased Services	11-000-223-500	10,500	(6,193)	4,307	1,668	2,639
Total Instructional Staff Training Services		37,540	5,150	42,690	40,051	2,639

**PITMAN BOROUGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBER	JUNE 30, 2021			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services General Administration:						
Salaries	11-000-230-100	238,395	1,904	240,299	234,938	5,361
Legal Services	11-000-230-331	35,000	31,295	66,295	63,236	3,059
Audit fees	11-000-230-332	22,825	(2,625)	20,200	20,200	
Other Purchased Professional Services	11-000-230-339	42,450	14,139	56,589	56,589	
Purchased Technical Services	11-000-230-340	19,851	10,800	30,651	29,923	728
Communications/Telephone	11-000-230-530	54,174	(1,954)	52,220	48,028	4,192
Other Purchased Services	11-000-230-500	2,500	(2,500)	-		
BOE Other Purchased Services	11-000-230-585	3,000	(1,702)	1,298	1,298	
Other Purchased Services	11-000-230-590	68,709	(11,182)	57,527	57,527	
Supplies and Materials	11-000-230-610	12,000	(9,869)	2,131	2,131	
Miscellaneous Expenditures	11-000-230-890	7,850	(1,254)	6,596	6,596	
BOE Membership Dues	11-000-230-895	12,003	(1,058)	10,945	10,945	
Total Support Services General Administration		518,757	25,994	544,751	531,411	13,340
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	807,662	(1,373)	806,289	778,892	27,397
Salaries Other Professionals	11-000-240-104	67,600	1,325	68,925	68,925	
Salaries of Secretarial & Clerical Assistants	11-000-240-105	347,830	12,111	359,941	358,157	1,784
Purchased Professional Educational Services	11-000-240-320	1,000	(1,000)	-		
Purchased Technical Services	11-000-240-340	6,000	(4,095)	1,905	1,905	-
Other Purchased Services	11-000-240-500	6,350	(4,148)	2,202	40	2,162
General Supplies	11-000-240-600	20,813	2,464	23,277	19,386	3,891
Other Objects	11-000-240-800	16,800	281	17,081	10,677	6,404
Total Support Services School Administration		1,274,055	5,565	1,279,620	1,237,982	41,638
Central Services:						
Salaries	11-000-251-100	268,169	1,138	269,307	268,308	999
Purchased Technical Services	11-000-251-340	24,633		24,633	23,649	984
Other Purchased Services	11-000-251-592	5,000	(1,000)	4,000	1,075	2,925
General Supplies	11-000-251-600	6,000	1,000	7,000	5,960	1,040
Interest Lease Purchase	11-000-251-832	13,802	(8,381)	5,421	5,421	-
Miscellaneous Expenditures	11-000-251-890	3,490		3,490	2,590	900
Total Central Services		321,094	(7,243)	313,851	307,003	6,848
Maintenance for School Facilities:						
Cleaning, Repair & Maintenance	11-000-261-420	415,476	7,050	422,526	122,376	300,150
Total Maintenance for School Facilities		415,476	7,050	422,526	122,376	300,150
Custodial Services:						
Salaries	11-000-262-100	1,058,166	(52,666)	1,005,500	1,005,500	-
Purchased Professional/Technucal Services	11-000-262-300		8,820	8,820	8,820	
Cleaning, Repair & Maintenance Services	11-000-262-420	40,500	8,190	48,690	48,690	-
Lease Purchase Payments- Energy Savings	11-000-262-444			-	-	-
Other Purchased Property Services	11-000-262-490	26,889	3,272	30,161	30,161	-
Insurance	11-000-262-520	102,741	(27,251)	75,490	75,490	-
Miscellaneous Purchased Services	11-000-262-590	2,000	16,319	18,319	18,269	50
General Supplies	11-000-262-610	92,500	(13,599)	78,901	73,901	5,000
Energy (Natural Gas)	11-000-262-621	125,000	46,605	171,605	143,063	28,542
Energy (Heat & Electricity)	11-000-262-622	210,000	(7,760)	202,240	156,175	46,065
Other Objects	11-000-262-800	4,500	(3,421)	1,079	1,079	-
Total Custodial Services		1,662,296	(21,491)	1,640,805	1,561,148	79,657

**PITMAN BOROUGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

ACCOUNT NUMBER	JUNE 30, 2021				POSITIVE (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Care & Upkeep of Grounds:						
General Supplies	11-000-263-610	7,800	670	8,470	8,470	-
Total Care & Upkeep of Grounds		7,800	670	8,470	8,470	-
Security:						
Purchased Professional/Technical Services	11-000-266-390	67,100	15,946	83,046	83,046	-
Cleaning, Repair & Maintenance Services	11-000-266-420		8,342	8,342	8,342	-
General Supplies	11-000-266-610	15,000	35,518	50,518	50,518	-
Total Security		82,100	59,806	141,906	141,906	-
Total Other Operating & Maintenance of Plant Services		2,167,672	46,035	2,213,707	1,833,900	379,807
Student Transportation Services:						
Salaries Non-Instructional Aides	11-000-270-107	39,512	47	39,559	18,856	20,703
Cleaning, Repair & Maintenance Services	11-000-270-420	5,000		5,000	811	4,189
Contract Svc Regular Vendors	11-000-270-511	5,000	2,499	7,499	4,671	2,828
Contract Svc Other Vendors	11-000-270-512	117,560		117,560	34,740	82,820
Contract Svc (btw home & sch) - joint agreements	11-000-270-513	9,000	99	9,099	6,233	2,866
Contract Svc Special Vendors	11-000-270-514	100,000	52,000	152,000	149,017	2,983
Contract Svc Special joint agreements	11-000-270-515	120,000	(52,000)	68,000	42,058	25,942
General Supplies	11-000-270-610	5,000	(1,500)	3,500	304	3,196
Miscellaneous Expenditures	11-000-270-800	850		850	457	393
Total Student Transportation Services		401,922	1,145	403,067	257,147	145,920
Unallocated Benefits - Employee Benefits:						
Group Insurance	11-000-291-210	3,500	6,063	9,563	3,306	6,257
Social Security Contributions	11-000-291-220	350,000	50,000	400,000	259,887	140,113
Other Retirement Contributions - PERS	11-000-291-241	325,000	28,929	353,929	350,551	3,378
Workmen's Compensation	11-000-291-260	157,708	(11,192)	146,516	115,053	31,463
Health Benefits	11-000-291-270	3,407,729	(77,535)	3,330,194	2,940,054	390,140
Tuition Reimbursement	11-000-291-280	50,000		50,000	33,012	16,988
Other Employee Benefits	11-000-291-290	256,250	3,917	260,167	259,426	741
Unused Sick Payments	11-000-291-299	30,000		30,000	26,803	3,197
Total Unallocated Benefits		4,580,187	182	4,580,369	3,988,092	592,277
Nonbudgeted:						
On-Behalf TPAF Medical Contributions					1,021,478	(1,021,478)
On-Behalf TPAF Pension Contributions					3,259,505	(3,259,505)
On-Behalf TPAF Long-Term Disability Contributions					1,257	(1,257)
Reimbursed TPAF Social Security Contributions					865,106	(865,106)
Total On-Behalf Contributions					5,147,346	(5,147,346)
Total Undistributed Expenditures		13,790,065	156,598	13,946,663	17,046,227	(3,099,564)
Total Expenditures - Current Expense		24,733,260	679,540	25,412,800	27,453,353	(2,040,553)

**PITMAN BOROUGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBER	JUNE 30, 2021			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Capital Outlay:						
Equipment:						
Grades 1-5	12-120-100-730	14,000	(4,459)	9,541	9,541	
Grades 6-8	12-130-100-731	3,500	(1,115)	2,385	2,385	
School Sponsored Athletics	12-402-100-732		27,717	27,717	27,717	
Undistributed Expenditures:						
Health Services - Non-instructional equipment	12-000-213-732		7,600	7,600	7,600	
Required Maintenance for School Facilities	12-000-261-730		13,700	13,700	13,700	
Security	12-000-266-732	35,000	23,154	58,154	58,154	
Total Equipment		52,500	66,597	119,097	119,097	
Facilities Acquisition & Construction Services:						
Architect/Engineering Services	12-000-400-334	50,000		50,000	3,280	46,720
Other Professional/Technical Services	12-000-400-390	240,574		240,574	59,575	180,999
Lease Purchase Agreement Principal	12-000-400-721	206,929		206,929	206,929	-
Assesment for Debt service on SDA Funding	12-000-400-896	2,213		2,213	2,213	-
Total Facilities Acquisition & Construction Services		499,716	-	499,716	271,997	227,719
Total Capital Outlay		552,216	66,597	618,813	391,094	227,719
Total Expenditures		25,285,476	746,137	26,031,613	27,844,447	(1,812,834)
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures Before Other Financing Sources/(Uses)		(1,239,950)	(746,137)	(1,986,087)	1,511,051	3,497,138
Other Financing Sources/(Uses):						
Transfer to Enterprise funds		(80,000)		(80,000)	(66,267)	13,733
Transfer to Debt Service Fund					(333)	(333)
Prior Year Receivables Canceled					(2,100)	(2,100)
Capital Reserve to Capital Outlay		(390,574)		(390,574)		390,574
Maintenance Reserve to Required Maintenance		(394,376)		(394,376)		394,376
Total Other Financing Sources/(Uses)		(864,950)	-	(864,950)	(68,700)	796,250
Excess/(Deficiency) of Revenues Over/(Under) After Expenditures & Other Financing Sources/(Uses)		(2,104,900)	(746,137)	(2,851,037)	1,442,351	4,293,388
Fund Balances, July 1		3,279,364	-	3,279,364	3,279,364	-
Prior Period Adjustment		335,807		335,807	335,807	-
Fund Balances, July 1, Restated		3,615,171		3,615,171	3,615,171	-
Fund Balances, June 30		\$ 1,510,271	\$ (746,137)	\$ 764,134	\$ 5,057,522	\$ 4,293,388

**PITMAN BOROUGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

ACCOUNT NUMBER	JUNE 30, 2021			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
RECAPITULATION OF FUND BALANCE:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 154,419	
Capital Reserve				2,429,896	
Maintenance Reserve				794,636	
Unemployment Compensation				350,662	
Assigned Fund Balance:					
Reserve for Encumbrances				39,444	
Designated for Subsequent Year's Expenditures				375,368	
FFCRA/SEMI Designated for Subsequent Year's Expenditures				5,213	
Unassigned Fund Balance				907,884	
Subtotal				5,057,522	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments Not Recognized on GAAP Basis				(833,576)	
Fund Balance per Governmental Funds (GAAP)				\$ 4,223,946	

**PITMAN BOROUGH SCHOOL
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	JUNE 30, 2021				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES					
Local Sources				\$ 83,891	\$ (83,891)
Federal Sources	\$ 489,916	\$ 790,883	\$ 1,280,799	829,980	450,819
Total Revenues	489,916	790,883	1,280,799	913,871	366,928
EXPENDITURES:					
Instruction:					
Salaries of Teachers	137,152	131,005	268,157	116,547	151,610
Other Salaries for Instruction	14,530	(47)	14,483	14,483	
Purchased Professional & Technical Services		11,285	11,285	10,135	1,150
General Supplies		27,240	27,240	10,682	16,558
Tuition	299,657	65,839	365,496	365,496	-
Total Instruction	451,339	235,322	686,661	517,343	169,318
Support Services:					
Other Salaries	38,577	17,203	55,780	27,743	28,037
Purchased Professional & Technical Services		94,474	94,474	30,031	64,443
Personal Services - Employee Benefits		99,147	99,147	51,687	47,460
Other Purchased Services (400-500 Series)		80,600	80,600	-	80,600
Supplies & Materials		86,052	86,052	81,066	4,986
Scholarships				16,750	(16,750)
Student Activities				82,244	(82,244)
Total Support Services	38,577	377,476	416,053	289,521	126,532
Facilities Acquisitions & Construction Services:					
Buildings		174,485	174,485	119,880	54,605
Instructional Equipment		3,600	3,600	2,230	1,370
Total Facilities Acquisitions & Construction Services	-	178,085	178,085	122,110	55,975
Total Expenditures	489,916	790,883	1,280,799	928,974	351,825
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ (15,103)	\$ 718,753
Prior Period Adjustment				137,896	
Fund Balance, July 1 (Restated)				137,896	
Fund Balance, June 30				<u>\$ 122,793</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 22,362	
Student Activities				100,431	
Total Fund Balance				<u>\$ 122,793</u>	

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

**PITMAN BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2021**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 29,355,498	\$ 913,871
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	76,202
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(833,576)	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	878,161	-
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 29,400,083</u>	<u>\$ 990,073</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Expenditures" From the Budgetary Comparison Schedule	<u>\$ 27,844,447</u>	<u>\$ 928,974</u>
Differences- Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposed, but in the year the supplies are received for financial reporting purposes.	<u>\$ -</u>	<u>\$ 76,202</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 27,844,447</u>	<u>\$ 1,005,176</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**PITMAN BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0311812365%	0.0308280379%	0.0322971201%	0.0331956236%	0.0337543698%	0.0359699384%	0.0334760830%	0.0332462894%
District's proportionate share of the net pension liability (asset)	\$ 5,084,844	\$ 5,554,745	\$ 6,359,142	\$ 7,727,411	\$ 9,997,076	\$ 8,074,530	\$ 6,267,638	\$ 6,354,026
District's covered-employee payroll	2,228,481	2,223,613	2,382,131	2,419,120	2,473,296	2,169,341	\$ 2,397,778	\$ 2,313,411
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	228.175%	249.807%	266.952%	319.431%	404.201%	372.211%	261.394%	274.660%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

*** This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**PITMAN BOROUGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 341,107	\$ 299,866	\$ 321,252	\$ 307,522	\$ 299,869	\$ 309,425	\$ 275,972	\$ 250,504
Contributions in relation to the contractually required contribution	\$ 341,107	\$ 299,866	\$ 321,252	\$ 307,522	\$ 299,869	\$ 309,425	\$ 275,972	\$ 250,504
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,228,481	\$ 2,223,613	\$ 2,382,131	\$ 2,419,120	\$ 2,473,296	\$ 2,169,341	\$ 2,397,778	\$ 2,313,411
Contributions as a percentage of covered-employee payroll	15.31%	13.49%	13.49%	12.71%	12.12%	14.26%	11.51%	10.83%

** This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**PITMAN BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST EIGHT FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 75,393,914	\$ 72,127,135	\$ 73,117,940	\$ 76,729,139	\$ 88,360,329	\$ 72,899,425	\$ 58,357,528	\$ 57,563,856
District's covered-employee payroll	11,259,384	12,275,856	12,962,070	12,944,897	12,643,235	12,200,614	12,003,103	12,028,488
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

*** This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**PITMAN BOROUGH SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT BENEFITS (GASB 75)

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PITMAN BOROUGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FOUR FISCAL YEARS*

	2021	2020	2019	2018
District's Total OPEB Liability				
Service Cost	2,227,216	\$ 2,249,485	\$ 2,482,595	\$ 3,000,040
Interest Cost	2,186,028	2,700,923	2,889,190	2,508,233
Difference between Expected and Actual Differences	15,779,104	(11,438,972)	(6,405,154)	-
Changes of Assumptions	17,788,426	910,195	(7,854,104)	(10,531,209)
Contributions: Member	51,386	55,548	63,252	67,461
Gross Benefit Payments	(1,695,348)	(1,873,919)	(1,830,125)	(1,832,048)
Net Change in District's Total OPEB Liability	36,336,812	(7,396,740)	(10,654,346)	(6,787,523)
District's Total OPEB Liability (Beginning)	61,045,630	68,442,370	79,096,716	85,884,239
District's Total OPEB Liability (Ending)	<u>\$ 97,382,442</u>	<u>\$ 61,045,630</u>	<u>\$ 68,442,370</u>	<u>\$ 79,096,716</u>
District's Covered Employee Payroll	\$ 13,487,865	\$ 14,499,469	\$ 15,344,201	\$ 15,364,017
District's Net OPEB Liability as a Percentage of Payroll	722%	421%	446%	515%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
June 30, 2021

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.60% as of June 30, 2019, to 5.60% as of June 30, 2020.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020.

OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**PITMAN BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	TOTAL BROUGHT FORWARD	ESSA TITLE I	TITLE IIIA	PART B BASIC REGULAR PROGRAM	IDEA PRESCHOOL	TOTALS FY 2021
	E-1a	SIA				
Revenues:						
Local Sources	\$ 83,891				\$	\$ 83,891
Federal Sources	228,764	\$ 11,890	\$ 46,700	\$ 365,496	\$ 14,483	\$ 829,980
Total Revenues	\$ 312,655	\$ 11,890	\$ 46,700	\$ 365,496	\$ 14,483	\$ 913,871
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 5,558	\$ 110,989			\$	\$ 116,547
Other Salaries for Instruction					\$ 14,483	14,483
Purchased Professional & Technical Services	10,135					10,135
General Supplies	4,981	5,701		365,496		10,682
Tuition						365,496
Total Instruction	20,674	110,989	5,701	365,496	14,483	517,343
Support Services:						
Other Salaries	1,326		26,417			27,743
Purchased Professional & Technical Services	9,000	3,100	17,931			30,031
Personal Services - Employee Benefits	527	51,160				51,687
Supplies and Materials	77,357	498	859	2,352		81,066
Scholarships	16,750					16,750
Student Activities	82,244					82,244
Total Support Services	187,204	51,658	3,959	46,700		289,521
Facilities acquisition and construction services						
Buildings	119,880					119,880
Instructional Equipment		2,230				2,230
Total Facilities acquisition and construction services	119,880	2,230				122,110
Total Expenditures	\$ 327,758	\$ 162,647	\$ 11,890	\$ 46,700	\$ 14,483	\$ 928,974
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,103)					(15,103)
Prior Period Adjustment	137,896					137,896
Fund Balance, July 1 (Restated)	137,896					137,896
Fund Balance, June 30	122,793					122,793

**PITMAN BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	TITLE III	CARES EMERGENCY RELIEF FUND	CORONAVIRUS RELIEF FUND	ESSER II	ACCELERATION	LEARNING	MENTAL HEALTH	SCHOLARSHIP	STUDENT ACTIVITY	TOTAL CARRIED FORWARD
Revenues:										
Local Sources	\$ 885	\$ 18,427	\$ 63,911	\$ 144,113	\$ 882	\$ 546		\$ 15,750	\$ 68,141	\$ 83,891
Federal Sources										228,764
Total Revenues	\$ 885	\$ 18,427	\$ 63,911	\$ 144,113	\$ 882	\$ 546		\$ 15,750	\$ 68,141	\$ 312,655
Expenditures:										
Instruction:										
Salaries of Teachers	885		\$	4,739	\$ 819					5,558
Purchased Professional & Technical Services				9,250						10,135
General Supplies	-	4,981								4,981
Total Instruction	885	4,981		13,989	819					20,674
Support Services:										
Other Salaries										1,326
Purchased Professional & Technical Services						507				9,000
Personal Services - Employee Benefits										527
Supplies and Materials		13,446	63,911		63			16,750		77,357
Scholarships										16,750
Student Activities									82,244	82,244
Total Support Services		13,446	63,911	10,244	63	546		16,750	82,244	187,204
Facilities acquisition and construction services										
Buildings										119,880
Total Facilities acquisition and construction services										119,880
Total Expenditures	\$ 885	\$ 18,427	\$ 63,911	\$ 144,113	\$ 882	\$ 546		\$ 16,750	\$ 82,244	\$ 327,758
Excess (Deficiency) of Revenues Over (Under) Expenditures								(1,000)	(14,103)	(15,103)
Prior Period Adjustment								23,362	114,534	137,896
Fund Balance, July 1 (Restated)								23,362	114,534	137,896
Fund Balance, June 30								22,362	100,431	122,793

**PITMAN BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	NONPUBLIC NURSING PROGRAM	NONPUBLIC SECURITY	NONPUBLIC TEXTBOOKS PROGRAM	NONPUBLIC TECHNOLOGY PROGRAM	OUTSIDE CLASSROOM	TOTALS
Revenues:						
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-
Local Sources	-	-	-	-	-	-
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:						
Instruction:						
Salaries of Teachers						
Purchased Professional & Technical Services						
Purchased Professional Educational Services						
General Supplies						
Tuition						
Textbooks						
Total Instruction	-	-	-	-	-	-
Support Services:						
Other Salaries	-	-	-	-	-	-
Purchased Professional Educational Services	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-
Total Support Services	-	-	-	-	-	-
Total Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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F. Capital Projects Fund

Not Applicable

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G. Proprietary Funds

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Enterprise Funds

**PITMAN BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
SCHEDULE OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Business-Type Activities		
	Food Service Fund	Before/After School	Total FY 2021
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 463,922	\$ 222,587	\$ 686,509
Accounts Receivable:			
State	3,680		3,680
Federal	84,283		84,283
Other Receivable	1,017		1,017
Inventories	12,155		12,155
Total Current Assets	565,057	222,587	787,644
Capital Assets:			
Machinery & Equipment	316,359		316,359
Accumulated Depreciation	(179,356)		(179,356)
Total Capital Assets	137,003	-	137,003
Total Assets	702,060	222,587	924,647
LIABILITIES			
Unearned Revenue	950	2,538	3,488
Accounts Payable	197,244	3,251	200,495
Total Liabilities	198,194	5,789	203,983
NET POSITION			
Net Investment in Capital Assets	137,003		137,003
Unrestricted	366,863	216,798	583,661
Total Net Position	\$ 503,866	\$ 216,798	\$ 720,664

PITMAN BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities			Totals FY 2021
	Food Service Fund	Preschool	Before/After School	
Operating Revenues:				
Local Sources:				
Daily Sales - Nonreimbursable Programs	\$ 171			\$ 171
Special Functions	382			382
Tuition		\$ 31,440	\$ 46,318	77,758
Total Operating Revenue	553	31,440	46,318	78,311
Operating Expenses:				
Salaries	195,871	102,580	106,232	404,683
Employee benefits	21,129		7,967	29,096
Other purchased services (400-500 series)			217	217
Supplies & Materials	108,184		2,340	110,524
Management Fee	25,000			25,000
Miscellaneous other expenses	10,749		3,600	14,349
Cost of Sales - Reimbursable	357,282			357,282
Cost of Sales - Non Reimbursable	121			121
Depreciation Expense	4,489			4,489
Total Operating Expenses	722,825	102,580	120,356	945,761
Operating Income/(Loss)	(722,272)	(71,140)	(74,038)	(867,450)
Nonoperating Revenues:				
State Sources:				
State School Lunch Program	28,278			28,278
Federal Sources:				
National School Lunch Program	587,437			587,437
School Breakfast	378,236			378,236
Healthy Hunger-Free Kids Act	11,715			11,715
COVID-19 National School Lunch Program	71,011			71,011
COVID-19 School Breakfast	45,722			45,722
COVID-19 Healthy Hunger-Free Kids Act	1,416			1,416
Food Distribution Program	55,507			55,507
Transfer from General Fund		66,267		66,267
Prior Year Receivable Canceled		(34)		(34)
Prior Year Compensated Absences Canceled		5,365		5,365
Prior Year Refund			(1,620)	(1,620)
Total Nonoperating Revenues	1,179,322	71,598	(1,620)	1,249,300
Net Income/(Loss)	457,050	458	(75,658)	381,850
Net Position/(Deficit) - July 1	46,816	(458)	292,456	338,814
Net Position/(Deficit) - June 30	\$ 503,866	\$ -	\$ 216,798	\$ 720,664

**PITMAN BOROUGH SCHOOL DISTRICT
PROPRIETARY FUNDS
SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds			
	Food Service Fund	Preschool	Before/After School	Total FY 2021
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 464	\$ 33,810	\$ 48,856	\$ 83,130
Payments to Employees	(195,871)	(102,580)		(298,451)
Payments for Employee Benefits	(21,129)			(21,129)
Payments to Suppliers	(368,140)		(123,218)	(491,358)
Net Cash Provided/(Used) by Operating Activities	(584,676)	(68,770)	(74,362)	(727,808)
Cash Flows From Noncapital Financing Activities:				
State Sources	25,685			25,685
Federal Sources	1,030,459			1,030,459
Operating subsidies and transfers to other funds	(21,900)	66,267		44,367
Net Cash Provided/(Used) by Noncapital Financing Activities	1,034,244	66,267		1,100,511
Net Increase/(Decrease) in Cash & Cash Equivalents	449,568	(2,503)	(74,362)	372,703
Balances - Beginning of Year	14,354	2,503	296,949	313,806
Balances - End of Year	\$ 463,922	\$ -	\$ 222,587	\$ 686,509
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	\$ (722,272)	\$ (71,140)	\$ (74,038)	(867,450)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:				
Food Distribution Program	55,507			55,507
Depreciation & Net Amortization	4,489			4,489
(Increase)/Decrease in Accounts Receivable	440	2,970		3,410
(Increase)/Decrease in Inventories	(1,400)			(1,400)
Increase/(Decrease) in Accounts Payable	87,837		(2,862)	84,975
Increase/(Decrease) in Deferred Revenue	(9,277)	(600)	2,538	(7,339)
Total Adjustments	137,596	2,370	(324)	139,642
Net Cash Provided/(Used) by Operating Activities	\$ (584,676)	\$ (68,770)	\$ (74,362)	\$ (727,808)

Internal Service Fund

Not Applicable

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I. Long-Term Debt

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**PITMAN BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2021**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	BALANCE
			DATE	AMOUNT		JULY 1, 2020	JUNE 30, 2021
Refunding Bond Issue	6/2/2016	\$ 5,860,000	8/1/2021	\$ 645,000	3.000%	\$ 3,910,000	\$ 620,000
			8/1/2022	665,000	4.000%		
			8/1/2023	700,000	4.000%		
			8/1/2024	720,000	4.000%		
			8/1/2025	560,000	3.000%		
Total						\$ 3,910,000	\$ 620,000
						<u>\$ 3,910,000</u>	<u>\$ 3,290,000</u>

**PITMAN BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2021**

DESCRIPTION	Date of Lease	Term of Lease	Amount of Original Issues		Interest Rate	Amount Outstanding			
			Principal	Interest		July 1, 2020	Issued	Retired	June 30, 2021
Roof Replacement & Removal of Roof Top HVAC	5/30/2019	4 Years	1,000,000	61,749	2.620%	\$ 796,551	\$ -	\$ 191,480	\$ 605,071
Floor Machines	5/19/2020	3 Years	38,409	None	0.000%	25,606	-	25,606	-
Total						\$ 822,157	\$ -	\$ 217,086	\$ 605,071

**PITMAN BOROUGH SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2021**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:					
Local Sources:					
Local Tax Levy	\$ 425,356		\$ 425,356	\$ 425,356	
State Sources:					
Debt Service Aid Type II	326,594		326,594	326,594	
Total Revenues	751,950		751,950	751,950	
Expenditures:					
Regular Debt Service:					
Interest	131,950		131,950	131,950	
Redemption of Principal	620,000		620,000	620,000	
Total Expenditures	751,950		751,950	751,950	-
Other Financing Sources/(Uses):					
Operating Transfers In				333	333
Total Other Financing Sources/(Uses)	-	-	-	333	333
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	-	-	-	333	333
Fund Balances July 1	(333)	-	(333)	(333)	-
Fund Balances June 30	\$ (333)	\$ -	\$ (333)	\$ -	\$ 333

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STATISTICAL SECTION (Unaudited)

PITMAN BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 4,805,989	\$ 4,275,969	\$ 3,768,939	\$ 3,754,777	\$ 3,137,319	\$ 2,705,438	\$ 2,455,097	\$ 2,137,578	\$ 1,397,748	\$ 1,185,715
Restricted	3,852,406	2,738,724	1,540,256	1,467,283	1,670,905	1,912,414	2,440,263	2,244,406	2,557,021	2,527,992
Unrestricted	(7,733,013)	(9,000,060)	(9,239,296)	(9,231,961)	(8,288,057)	(7,397,530)	(7,227,828)	(916,702)	(907,488)	(948,770)
Total Governmental Activities Net Position	\$ 925,382	\$ (1,985,367)	\$ (3,930,101)	\$ (4,009,901)	\$ (3,479,833)	\$ (2,779,678)	\$ (2,332,468)	\$ 3,465,282	\$ 3,047,281	\$ 2,764,937
Business-Type Activities:										
Net Investment in										
Capital Assets	\$ 137,003	\$ 37,418	\$ 42,807	\$ 40,601	\$ 29,547	\$ 31,477	\$ 35,906	\$ 21,089	\$ 24,344	\$ 28,708
Unrestricted	583,661	301,396	330,042	351,451	345,080	325,946	267,509	288,210	290,890	280,336
Total Business-Type Activities Net Position	\$ 720,664	\$ 338,814	\$ 372,849	\$ 392,052	\$ 374,627	\$ 357,423	\$ 303,415	\$ 309,299	\$ 315,234	\$ 309,044
District-Wide:										
Net Investment in										
Capital Assets	\$ 4,942,992	\$ 4,313,387	\$ 3,811,746	\$ 3,795,378	\$ 3,166,866	\$ 2,736,915	\$ 2,491,003	\$ 2,158,667	\$ 1,422,092	\$ 1,214,423
Restricted	3,852,406	2,738,724	1,540,256	1,467,283	1,670,905	1,912,414	2,440,263	2,244,406	2,557,021	2,527,992
Unrestricted	(7,149,352)	(8,698,664)	(8,909,254)	(8,880,510)	(7,942,977)	(7,071,584)	(6,960,319)	(628,492)	(616,598)	(668,434)
Total District Net Position	\$ 1,646,046	\$ (1,646,553)	\$ (3,557,252)	\$ (3,617,849)	\$ (3,105,206)	\$ (2,422,255)	\$ (2,029,053)	\$ 3,774,581	\$ 3,362,515	\$ 3,073,981

PITMAN BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 7,444,779	\$ 6,938,228	\$ 7,664,583	\$ 7,461,427	\$ 7,431,757	\$ 7,668,672	\$ 7,304,641	\$ 7,117,731	\$ 6,986,990	\$ 6,661,467
Special Education	2,889,151	2,979,855	3,199,857	3,210,417	3,297,304	3,331,472	3,252,223	3,088,673	3,137,435	3,088,349
Other Special Instruction	214,195	384,171	338,491	366,814	453,889	422,095	316,196	293,898	284,660	260,897
Other Instruction	441,113	480,841	523,674	526,524	560,819	542,216	516,624	503,066	465,823	437,599
Support Services & Undistributed Costs:										
Student & Instruction Related Services	4,082,311	4,069,777	4,160,948	3,838,421	3,602,913	3,571,093	3,375,730	3,714,135	3,788,798	3,567,603
General administration & central services	838,414	766,550	793,318	807,951	730,597	745,457	720,747	688,915	700,222	730,561
School Administrative Services	1,237,982	1,235,785	1,205,480	1,217,743	1,223,249	1,215,352	1,229,376	1,189,997	1,126,185	1,151,486
Plant Operations & Maintenance	1,847,535	1,700,203	1,840,107	1,871,951	2,090,673	1,965,852	1,986,009	1,829,674	1,839,748	1,699,936
Pupil Transportation	257,147	323,162	684,708	579,614	393,572	360,491	498,680	529,031	537,632	501,909
Employee Benefits	17,812,512	9,359,248	11,023,085	11,712,507	8,152,236	7,023,925	6,098,670	5,835,766	5,988,795	5,530,397
Interest on Long-Term Debt and Other Charges	141,437	131,607	151,414	173,622	212,370	235,119	336,273	371,780	402,070	429,518
Capital Outlay		53,428	186,837	35,903	152,660	256,609	140,456	110,921	108,776	37,858
Unallocated Depreciation	542,051	502,958	520,816	510,677	502,443	568,753	570,309	559,310	544,252	543,989
Total Governmental Activities Expenses	37,748,627	28,925,813	32,293,318	32,313,571	28,804,482	27,907,106	26,345,934	25,832,897	25,911,386	24,641,569
Business-Type Activities:										
Food Service	722,825	391,601	418,849	401,622	456,671	454,741	460,104	465,673	462,856	454,484
Before/After School	120,356	190,389	196,731	204,702	179,465	210,492	188,460	185,643	189,132	191,764
Preschool	102,580	107,943	102,579	102,152	101,331	98,249	94,470	88,027	83,922	84,744
Total Business-Type Activities Expense	945,761	689,933	718,159	708,476	737,467	763,482	743,034	739,343	735,910	730,992
Total District Expenses	\$ 38,694,388	\$ 29,615,746	\$ 33,011,477	\$ 33,022,047	\$ 29,541,949	\$ 28,670,588	\$ 27,088,968	\$ 26,572,240	\$ 26,647,296	\$ 25,372,561
Program Revenues:										
Governmental Activities:										
Charges for Services:	\$ 68,141									
Operating Grants & Contributions	10,614,959	\$ 603,429	\$ 575,643	\$ 599,358	\$ 598,661	\$ 623,109	\$ 607,981	\$ 604,209	\$ 601,256	\$ 628,474
Total Governmental Activities Program Revenues	10,683,100	603,429	575,643	599,358	598,661	623,109	607,981	604,209	601,256	628,474

PITMAN BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
FISCAL YEAR ENDING JUNE 30.										
Business-Type Activities:										
Charges for Services:										
Food Service	553	156,589	207,576	194,184	205,098	177,004	183,346	201,449	219,129	242,826
Before/After School	46,318	150,189	189,171	198,926	229,717	265,614	228,383	221,581	211,330	224,216
Preschool	31,440	67,148	66,005	82,745	65,490	86,045	86,469	81,503	85,576	62,435
Operating Grants & Contributions	1,179,322	163,972	156,204	159,111	151,700	147,827	154,456	158,875	151,065	137,902
Inventory Loss							(5,504)			
Total Business Type Activities	1,257,633	537,898	618,956	634,966	652,005	676,490	647,150	663,408	667,100	667,379
Program Revenues										
Total District Program Revenues	\$ 11,940,733	\$ 1,141,327	\$ 1,194,599	\$ 1,234,324	\$ 1,250,666	\$ 1,299,599	\$ 1,255,131	\$ 1,267,617	\$ 1,268,356	\$ 1,295,853
Net (Expense)/Revenue:										
Governmental Activities	\$ (27,065,527)	\$ (28,322,384)	\$ (31,717,675)	\$ (31,714,213)	\$ (28,205,821)	\$ (27,283,997)	\$ (25,737,953)	\$ (25,228,688)	\$ (25,310,130)	\$ (24,013,095)
Business-Type Activities	311,872	(152,035)	(99,203)	(73,510)	(85,462)	(86,992)	(95,884)	(75,935)	(68,810)	(63,613)
Total District-Wide Net Expense	\$ (26,753,655)	\$ (28,474,419)	\$ (31,816,878)	\$ (31,787,723)	\$ (28,291,283)	\$ (27,370,989)	\$ (25,833,837)	\$ (25,304,623)	\$ (25,378,940)	\$ (24,076,708)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes, Levied for General Purposes, Net	\$ 14,600,290	\$ 14,314,010	\$ 13,883,866	\$ 13,530,733	\$ 13,080,587	\$ 12,824,105	\$ 12,572,652	\$ 12,326,130	\$ 12,032,190	\$ 11,453,127
Taxes Levied for Debt Service	425,356	426,148	385,407	619,644	592,431	571,441	585,213	670,384	686,763	580,479
Federal & State Aid Not Restricted	13,892,737	15,340,441	17,184,928	13,986,766	13,660,517	13,206,525	12,858,137	12,425,177	12,632,312	12,259,048
Tuition	183,287	109,247	250,635	165,712	113,190	170,507	162,656	201,522	194,463	156,858
Investment Earnings	10,309	11,250	9,977	12,077	10,430	13,351	16,627	15,723	32,885	37,407
Miscellaneous Income	173,691	184,022	162,662	134,596	148,512	304,697	79,666	77,753	88,861	164,523
Other financing sources (uses)	(2,100)					(112,839)				
Transfers	(66,267)	(118,000)	(80,000)	(80,000)	(100,000)	(141,000)	(90,000)	(70,000)	(75,000)	(80,000)
Total Governmental Activities	29,217,303	30,267,118	31,797,475	28,369,528	27,505,667	26,836,787	26,184,951	25,646,689	25,592,474	24,571,442
Business-Type Activities:										
Transfers	66,267	118,000	80,000	80,000	100,000	141,000	90,000	70,000	75,000	80,000
Other financing sources (uses)	3,711			10,935	2,666					
Total Business-Type Activities	69,978	118,000	80,000	90,935	102,666	141,000	90,000	70,000	75,000	80,000
Total District-Wide	\$ 29,287,281	\$ 30,385,118	\$ 31,877,475	\$ 28,460,463	\$ 27,608,333	\$ 26,977,787	\$ 26,274,951	\$ 25,716,689	\$ 25,589,383	\$ 24,651,442
Change in Net Position:										
Governmental Activities	\$ 2,151,776	\$ 1,944,734	\$ 79,800	\$ (3,344,685)	\$ (700,154)	\$ (447,210)	\$ 446,998	\$ 418,001	\$ 282,344	\$ 558,347
Business-Type Activities	381,850	(34,035)	(19,203)	17,425	17,204	54,008	(5,884)	(5,935)	6,190	16,387
Total District	\$ 2,533,626	\$ 1,910,699	\$ 60,597	\$ (3,327,260)	\$ (682,950)	\$ (393,202)	\$ 441,114	\$ 412,066	\$ 288,534	\$ 574,734

**PITMAN BOROUGH SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund:										
Restricted	\$ 3,729,613	\$ 1,457,920	\$ 1,120,858	\$ 887,387	\$ 1,136,393	\$ 1,412,408	\$ 1,851,200	\$ 1,594,158	\$ 1,308,556	\$ 1,532,551
Assigned	420,025	1,281,137	419,731	538,320	492,603	449,240	456,249	338,803	409,560	138,680
Unassigned	74,308	(337,854)	(416,362)	(429,208)	(470,367)	(481,209)	(449,978)	(412,351)	(361,554)	(361,628)
Total General Fund	\$ 4,223,946	\$ 2,401,203	\$ 1,124,227	\$ 996,499	\$ 1,158,629	\$ 1,380,439	\$ 1,857,471	\$ 1,520,610	\$ 1,356,562	\$ 1,309,603
All Other Governmental Funds:										
Restricted										
Special Revenue Fund	\$ 122,793							103,340	626,436	649,014
Capital Projects Fund								208,105	212,469	207,747
Debt Service Fund		(333)	(333)	41,576	41,909	50,766	132,814			
Total All Other Governmental Funds	\$ 122,793	\$ (333)	\$ (333)	\$ 41,576	\$ 41,909	\$ 50,766	\$ 132,814	\$ 311,445	\$ 838,905	\$ 856,761

PITMAN BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Tax Levy	\$ 15,025,646	\$ 14,740,158	\$ 14,269,273	\$ 14,150,377	\$ 13,673,018	\$ 13,395,546	\$ 13,157,865	\$ 12,996,514	\$ 12,718,953	\$ 12,033,606
Miscellaneous	451,178	304,519	423,274	312,385	272,132	488,555	258,949	294,998	316,209	358,788
State Sources	14,682,076	14,216,698	14,443,676	13,967,244	13,614,791	13,195,666	12,794,979	12,383,938	12,587,011	11,884,726
Federal Sources	983,206	664,281	613,873	618,880	644,387	633,968	671,139	645,448	646,557	1,002,796
Total Revenue	31,142,106	29,925,656	29,750,096	29,048,886	28,204,328	27,713,735	26,882,932	26,320,898	26,268,730	25,279,916
Expenditures:										
Current Expense:										
Instruction	10,983,758	10,925,532	11,903,566	11,713,466	11,913,421	12,090,482	11,530,627	11,133,532	10,869,472	10,457,145
Undistributed Expenditures	17,352,661	16,586,000	16,912,826	16,148,762	15,208,203	14,702,298	13,831,782	13,777,501	13,986,794	13,303,288
Capital Outlay	510,991	340,118	1,236,320	360,774	307,132	368,456	285,344	658,602	241,868	222,772
Debt Service	754,163	753,350	755,400	1,028,861	1,055,650	1,114,062	1,125,192	1,150,607	1,169,172	1,156,237
Total Expenditures	29,601,573	28,605,000	30,808,112	29,251,863	28,484,406	28,275,298	26,772,945	26,720,242	26,267,306	25,139,442
Excess (Deficiency) of Revenues Over/(Under) Expenditures	1,540,533	1,320,656	(1,058,016)	(202,977)	(280,078)	(561,563)	109,987	(399,344)	1,424	140,474
Other Financing Sources/(Uses):										
Cancellation of Accounts Receivable	(2,100)									
Transfer to Enterprise Funds	(66,267)	(118,000)	(80,000)	(80,000)	(100,000)	(141,000)	(90,000)	(70,000)	(75,000)	(80,000)
Capital Leases (Nonbudget)		74,320	1,223,835	120,514	149,412	143,482	138,243	105,932	102,679	105,000
Total Other Financing Sources/(Uses)	(68,367)	(43,680)	1,143,835	40,514	49,412	2,482	48,243	35,932	27,679	25,000
Net Change in Fund Balances	\$ 1,472,166	\$ 1,276,976	\$ 85,819	\$ (162,463)	\$ (230,666)	\$ (559,081)	\$ 158,230	\$ (363,412)	\$ 29,103	\$ 165,474
Debt Service as a Percentage of Noncapital Expenditures	2.59%	2.67%	2.55%	3.56%	3.75%	3.99%	4.25%	4.41%	4.49%	4.64%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

**PITMAN BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

Fiscal Year Ended June 30,	Prior Year Refunds	Gate Receipts	Rentals	SRECs	Shared Service	E-Rate	Miscellaneous	TOTAL
2021	\$ 5,937	\$ 1,771	\$ 25	\$ 77,134	\$ 12,150	\$ 53,415	\$ 8,404	158,836
2020	18,979	13,661	3,106	95,770		35,989	16,517	184,022
2019	4,440	7,164	4,301	92,032		50,039	4,686	162,662
2018	8,756	4,007	2,500	62,812		55,670	851	134,596
2017	1,334	11,405		73,827		48,267	13,679	148,512
2016	3,719	13,281	8,500	218,476			60,721	304,697
2015	1,670	12,031	12,463	51,660			1,842	79,666
2014		17,279	12,915	43,914			3,645	77,753
2013	21,848	21,251	14,059	30,492			1,211	88,861
2012	62,261	16,038	14,035	70,491			1,698	164,523

**PITMAN BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE	TOTAL DIRECT SCHOOL TAX RATE
2021	1,876,500	504,601,200	225,800	11,100	38,210,800	8,002,000	15,790,300	568,717,700		568,717,700	623,419,729	2.617
2020	2,093,900	504,185,600	225,800	11,400	38,148,300	8,678,800	15,790,300	569,134,100		569,134,100	607,005,449	2.549
2019	2,122,800	504,094,800	225,800	11,400	38,535,500	8,678,800	15,790,300	569,459,400	566,544	570,025,944	598,200,471	2.493
2018	1,942,900	503,579,700	225,800	14,300	38,591,300	8,678,800	15,790,300	568,823,100	563,436	569,386,536	603,110,372	2.443
2017	1,942,900	503,301,600	225,800	14,300	38,804,000	8,678,800	15,790,300	568,757,700	562,862	569,320,562	604,981,815	2.378
2016	1,973,300	503,624,700	225,800	14,300	40,188,500	10,678,800	15,790,300	572,495,700	603,264	573,098,964	600,466,502	2.316
2015	2,158,200	502,983,700	225,800	14,100	41,687,600	15,289,200	15,790,300	578,148,900	585,442	578,734,342	624,599,842	2.259
2014	2,694,200	503,186,700	225,800	13,800	44,362,500	18,289,200	17,451,600	586,223,800	743,943	586,967,743	673,172,118	2.191
2013	1,578,200	328,466,700	189,700	32,200	22,520,000	15,074,500	8,007,000	375,868,300	392,100	376,260,400	717,252,099	3.289
2012	1,493,600	328,606,700	189,700	32,200	22,167,000	15,074,500	8,007,000	375,570,700	308,395	375,879,095	730,802,858	3.208

Source: Gloucester County Abstract of Ratables

**PITMAN BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	TOTAL DIRECT	BOROUGH OF PITMAN	COUNTY OF GLOUCESTER	
	2021	2.617	2.617	1.048	
2020	2.549	2.549	1.045	0.732	4.326
2019	2.493	2.493	1.043	0.717	4.253
2018	2.443	2.443	1.044	0.713	4.200
2017	2.378	2.378	1.026	0.715	4.119
2016	2.316	2.316	1.005	0.687	4.008
2015	2.259	2.259	0.962	0.664	3.885
2014	2.191	2.191	0.914	0.693	3.798
2013	3.289	3.289	1.391	1.050	5.730
2012	3.208	3.208	1.325	1.041	5.574

Source: Municipal Tax Collector

**PITMAN BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2021		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
AP HOLLY COURT LLC	\$ 10,424,600		1.83%
400 N WOODBURY ROAD LLC	3,000,000		0.53%
GRANDVIEW APTS LLC	2,800,000		0.49%
COMET TOOL CO INC	2,047,000		0.36%
LCR LEASING CORP	1,648,100		0.29%
TAXPAYER #1	1,644,800		0.29%
BRI SCOT LP	1,550,000		0.27%
TAXPAYER #2	1,318,500		0.23%
PITMAN GARDEN APARTMENTS	1,100,000		0.19%
NEWFIELD NATIONAL BANK	1,025,000		0.18%
Total	\$ 26,558,000		4.67%

TAXPAYER	2012		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
SONY MUSIC	\$ 11,000,000		2.93%
LAKE FRONT LLC	2,299,200		0.61%
TAXPAYER #1	1,793,800		0.48%
TAXPAYER #2	1,700,200		0.45%
LAKE FRONT LLC	1,462,900		0.39%
COMET TOOL COMPANY	1,303,100		0.35%
TAXPAYER #3	977,600		0.26%
LCR LEASING CORP.	876,000		0.23%
LAKE FRONT LLC	799,900		0.21%
PITMAN GARDEN APTS.	650,100		0.17%
Total	\$ 22,862,800		6.08%

**PITMAN BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2021	\$ 15,025,646	\$ 15,025,646	100.00%
2020	14,740,158	14,740,158	100.00%
2019	14,269,273	14,269,273	100.00%
2018	14,150,377	14,150,377	100.00%
2017	13,673,018	13,673,018	100.00%
2016	13,395,546	13,395,546	100.00%
2015	13,157,865	13,157,865	100.00%
2014	12,996,514	12,996,514	100.00%
2013	12,718,953	12,718,953	100.00%
2012	12,033,606	12,033,606	100.00%

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

**PITMAN BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	BOND ANTICIPATION NOTES		
2021	\$ 3,290,000	\$ 605,071		\$ 3,895,071	N/A
2020	3,910,000	822,157	878,161	5,610,318	641
2019	4,510,000	1,186,488	886,802	6,583,290	753
2018	5,090,000	129,191		5,219,191	595
2017	5,920,000	146,457		6,066,457	689
2016	6,820,000	140,532		6,960,532	789
2015	7,654,000	126,382		7,780,382	877
2014	8,444,000	103,977		8,547,977	962
2013	9,224,000	117,214		9,341,214	1049
2012	9,994,000	98,621		10,092,621	1129

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

**PITMAN BOROUGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2021	3,290,000	-	3,290,000	0.58%	N/A
2020	3,910,000	-	3,910,000	0.69%	447
2019	4,510,000	-	4,510,000	0.79%	516
2018	5,090,000	-	5,090,000	0.89%	580
2017	5,920,000	-	5,920,000	1.04%	673
2016	6,820,000	-	6,820,000	1.19%	773
2015	7,654,000	-	7,654,000	1.32%	863
2014	8,444,000	-	8,444,000	1.44%	950
2013	9,224,000	-	9,224,000	2.45%	1,035
2012	9,994,000	-	9,994,000	2.66%	1,118

**PITMAN BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Pitman	15,394,747	100%	15,394,747
Gloucester County	173,810,000	2.13%	<u>3,701,930</u>
Subtotal, Overlapping Debt			19,096,677
Pitman School District Debt			<u>3,290,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 22,386,677</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Gloucester County Board of Taxation.

**PITMAN BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt Limit	\$ 24,804,335	\$ 24,256,788	\$ 23,980,967	\$ 24,094,029	\$ 24,489,718	\$ 25,324,584	\$ 26,787,126	\$ 28,280,767	\$ 29,291,062	\$ 29,890,262
Total Net Debt Applicable to Limit	3,290,000	3,910,000	4,510,000	5,090,000	5,920,000	6,820,000	7,654,000	8,444,000	9,224,000	9,994,000
Legal Debt Margin	\$ 21,514,335	\$ 78,045,643	\$ 19,470,967	\$ 19,004,029	\$ 18,569,718	\$ 18,504,584	\$ 19,133,126	\$ 19,836,767	\$ 20,067,062	\$ 19,896,262
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.264%	16.119%	18.807%	21.126%	24.173%	26.930%	28.573%	29.858%	31.491%	33.436%

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized Valuation Basis	
2020	\$ 635,013,064
2019	620,918,721
2018	604,393,335
	<u>\$ 1,860,325,120</u>
	<u>\$ 620,108,373</u>
	\$ 24,804,335
	<u>3,290,000</u>
	<u>\$ 21,514,335</u>

Average Equalized Valuation of Taxable Property

Debt Limit (4% of Average Equalization Value)
Net Bonded School Debt

Legal Debt Margin

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**PITMAN BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME (b)	GLOUCESTER COUNTY	
			PER CAPITA INCOME	UNEMPLOYMENT RATE (d)
2021	N/A	N/A	N/A	N/A
2020	8,753	N/A	N/A	9.0%
2019	8,747	494,196,753	56,499	3.5%
2018	8,779	477,085,976	54,344	3.8%
2017	8,801	462,017,296	52,496	4.0%
2016	8,818	447,989,672	50,804	4.5%
2015	8,868	440,003,556	49,617	5.4%
2014	8,890	421,074,850	47,365	6.2%
2013	8,909	408,727,102	45,878	6.8%
2012	8,939	401,468,368	44,912	11.7%

Source:

(a) Population information provided by US Bureau of the Census; Population Division

(b) Personal income calculated using population and per capita personal income

(c) Per Capita Personal Income provided by the NJ Dept. of Labor and Workforce Development

(d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development

N/A - Information not available

**PITMAN BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

EMPLOYER	EMPLOYEES 2021	EMPLOYEES 2012
Amazon	4,500	
Rowan University	3,500	1,300
Inspira Health	2,051	
Jefferson Health	2,015	
Underwood Memorial Hospital		1,825
Washington Township School District	1,515	1,648
Shop Rite	1,300	
County of Gloucester	1,200	1,500
Kennedy Health Alliance		1,200
US Food Service	1,014	741
Missa Bay, LLC		950
Monroe Township School District	841	725
Walmart - Turnersville	800	
DGI Services		600
Delaware Valley Wholesale Florist		500
	<hr/>	<hr/>
Total	<u>18,736</u>	<u>10,989</u>

Source: Information provided by the Gloucester County Office of Economic Development Directly.

Note: The information is for the County of Gloucester, information at the municipal level is not readily available.

**PITMAN BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction:										
Regular	86.8	89.0	102.3	103.1	102.3	101.8	101.8	104.7	103.3	101.0
Special Education	55.0	61.7	66.1	63.3	69.3	71.0	70.6	71.1	71.0	66.4
Support Services:										
Student & instruction related services	20.6	32.1	32.9	30.7	28.5	33.4	33.8	31.1	34.3	34.6
School Administrative Services	19.6	19.6	19.6	19.9	20.6	19.1	18.4	17.4	16.6	14.7
Central services	4.0	4.9	4.0	4.0	4.0	4.0	3.7	3.7	3.7	5.7
Plant Operations & Maintenance	20.1	20.1	19.2	20.4	19.2	20.8	19.9	19.9	19.8	19.1
Other support services	1.0	3.0	3.0	3.0	3.0	1.3				
Food Service	5.9	6.1	6.1	5.9	5.9	10.1	7.0	7.0	7.0	7.0
Total	213.0	236.5	253.2	250.3	252.8	261.5	255.2	254.9	255.7	248.5

Source: District Personnel Records

**PITMAN BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO			AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY SCHOOL	MIDDLE SCHOOL	HIGH SCHOOL				
2021	1,140	\$ 28,336,419	24,857	0.0050%	167.8	9.22	8.03	8.78	1,126.4	1,078.7	-8.80%	95.77%
2020	1,236	27,511,532	22,259	0.0045%	143.3	8.80	8.10	8.60	1,235.1	1,196.4	-2.35%	96.87%
2019	1,292	28,816,392	22,304	0.0051%	162.1	6.57	8.27	8.85	1,264.8	1,206.3	-2.65%	95.37%
2018	1,327	27,862,228	20,996	0.0052%	163.3	7.95	7.43	8.52	1,299.2	1,237.2	-3.43%	95.23%
2017	1,351	27,121,624	20,075	0.0056%	162.3	8.38	7.68	8.60	1,345.4	1,280.1	-1.04%	95.15%
2016	1,418	26,792,780	18,895	0.0063%	161.1	8.45	8.98	9.00	1,359.5	1,305.4	-3.29%	96.02%
2015	1,461	25,362,409	17,360	0.0063%	164.9	9.04	8.35	9.52	1,405.8	1,349.8	-2.87%	96.02%
2014	1,505	24,911,033	16,552	0.0061%	174.3	9.12	9.17	9.63	1,447.4	1,391.3	-3.83%	96.12%
2013	1,513	24,856,266	16,428	0.0071%	167.4	10.28	11.4	11.29	1,505.1	1,439.2	-1.30%	95.62%
2012	1,565	23,760,433	15,182	0.0066%	158.5	N/A	N/A	N/A	1,525.0	1,450.7	-1.18%	95.13%

Sources: District records

Note: Enrollment based on annual October district count.

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

**PITMAN BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
DISTRICT BUILDINGS										
Elementary Schools:										
Memorial School (1962):										
Square Feet	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717
Capacity (Students)	309	309	309	309	309	309	309	309	309	309
Enrollment	118	183	187	182	200	208	221	230	251	254
Kindle School (1926):										
Square Feet	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977
Capacity (Students)	217	217	217	217	217	217	217	217	217	217
Enrollment (a)	201	165	166	174	187	195	205	211	205	207
WCK Walls School (1926):										
Square Feet	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902
Capacity (Students)	274	274	274	274	274	274	274	274	274	274
Enrollment	185	211	229	246	248	228	236	238	247	243
Middle School:										
Pitman Middle School (1922):										
Square Feet	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684
Capacity (Students)	381	381	381	381	381	381	381	381	381	381
Enrollment	281	314	306	302	307	343	350	359	349	383
High School:										
Pitman High School (1971)										
Square Feet	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415
Capacity (Students)	556	556	556	556	556	556	556	556	556	556
Enrollment	332	351	379	401	401	433	436	436	456	443

Number of Schools at June 30, 2021:
 Elementary = 3
 Middle School = 1
 High School = 1

Source: District Facilities Office
 Note: Year of original construction is shown in parentheses.
 Enrollment is based on June student counts.

**PITMAN BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

11-000-261-xxx

	Memorial	Kindle	Walls	Middle School	High School	Total
2021	10,503	11,591	13,587	35,514	51,181	122,376
2020	10,366	10,989	7,393	26,538	57,446	112,732
2019	39,261	29,271	45,330	29,443	44,472	187,777
2018	35,466	25,344	58,481	28,193	123,768	271,252
2017	21,228	371,286	16,061	35,261	52,601	496,437
2016	59,750	145,441	21,229	69,653	142,350	438,423
2105	38,508	54,747	16,393	38,563	295,446	443,657
2104	16,493	19,909	11,813	70,458	131,443	250,116
2103	6,369	13,930	19,948	36,477	260,167	336,891
2012	38,898	59,916	78,238	88,492	56,838	322,382

Source: District records

**PITMAN BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020**

	COVERAGE	DEDUCTIBLE
Gloucester County Insurance Pool, Joint Insurance Fund :		
Property / Inland Marine / Automobile Physical Damages (per occurrence)	\$ 250,000	\$ 500
General Liability / Auto Liability	250,000	
Educators Legal Liability	250,000	
Workers Compensation-Self Insured Retention	250,000	
Crime- Self insured Retention	250,000	500
School Pool For Excess Liability Limits **		
Property / Inland Marine / Automobile Physical Damages (per occurrence)	150,000,000	
Crime	500,000	
Workers Compensation	Statutory	
Employer's Liability	15,000,000	
General Liability / Auto Liability	15,000,000	
Educators' Legal Liability	15,000,000	
Travelers Insurance Company		
Boiler and Machinery	125,000,000	1,000
Beazley/Lloyd's of London / Commerce and Industry Insurance company		
Pollution Legal Liability	3,000,000	25,000
Starr Indemnity & Liability Company		
Cyber Liability	2,000,000	
Hanover Insurance Company :		
Surety - Board Secretary	250,000	

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SINGLE AUDIT SECTION

INDEPENDENT AUDITOR’S 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
Pitman Borough School District
County of Gloucester
Pitman, 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, each major fund and the aggregate remaining fund information of the Pitman Borough School District (the “School District”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated February 4, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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 School 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District'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, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
February 4, 2022



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

EXHIBIT K-2

**INDEPENDENT AUDITOR'S 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**

Honorable President and Members
of the Board of Education
Pitman Borough School District
County of Gloucester
Pitman, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Pitman Borough School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2021. The Pitman Borough School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Pitman Borough School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding No. 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

The School District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of 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's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
February 4, 2022

PTIMAN BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR PASS THROUGH GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	(ACCOUNTS RECEIVABLE AT JUNE 30, 2021)	UNEARNED REVENUE AT JUNE 30, 2021	DUE TO GRANTOR AT JUNE 30, 2021
U.S. Department of Agriculture													
Passed Through New Jersey Department of Agriculture:													
Child Nutrition Cluster:													
Food Distribution Program (Noncash Assistance)	10.555	21NJ304N1099	Unavailable	\$55,507	7/1/20-6/30/21	4,227	\$ 55,507	\$ (51,661)	-	-	-	\$ 3,846	-
Food Distribution Program (Noncash Assistance)	10.555	20NJ304N1099	Unavailable	23,102	7/1/19-6/30/20	-	-	(4,227)	-	-	-	-	-
COVID-19 National School Lunch Program	10.555	21NJ304N1099	100-010-3350-026	387,437	7/1/20-6/30/21	(11,766)	536,781	(587,437)	-	-	-	(50,656)	-
COVID-19 National School Lunch Program	10.555	20NJ304N1099	100-010-3350-026	176,478	7/1/19-6/30/20	-	-	(176,478)	-	-	-	-	-
COVID-19 National School Lunch Program	10.553	21NJ304N1099	100-010-3350-026	378,232	7/1/20-6/30/21	34,415	345,200	(378,236)	-	-	-	(32,616)	-
COVID-19 National School Lunch Program	10.553	20NJ304N1099	100-010-3350-026	34,415	7/1/19-6/30/20	(7,438)	7,438	-	-	-	-	-	-
COVID-19 Healthy Hunger-Free Kids Act	10.555	21NJ304N1099	100-010-3350-026	11,715	7/1/20-6/30/21	-	10,705	(11,715)	-	-	-	(1,010)	-
COVID-19 National School Lunch Program	10.555	21NJ304N1099	100-010-3350-026	71,011	7/1/20-6/30/21	-	71,011	(71,011)	-	-	-	-	-
COVID-19 National School Lunch Program	10.553	21NJ304N1099	100-010-3350-026	45,722	7/1/20-6/30/21	-	45,722	(45,722)	-	-	-	-	-
COVID-19 Healthy Hunger-Free Kids Act	10.555	21NJ304N1099	100-010-3350-026	1,416	7/1/20-6/30/21	-	1,416	(1,416)	-	-	-	-	-
Total Child Nutrition Cluster						(14,977)	1,085,966	(1,151,425)	-	-	(84,282)	3,846	-
Total U.S. Department of Agriculture						(14,977)	1,085,966	(1,151,425)	-	-	(84,282)	3,846	-
U.S. Department of Homeland Security													
Passed Through New Jersey Department of Education:													
General Education													
Disaster Grants	97.036	N/A	100-066-120-C50	10,084	7/1/20-6/30/21	-	10,084	(10,084)	-	-	-	-	-
Total Disaster Grants						-	10,084	(10,084)	-	-	-	-	-
U.S. Department of Health and Human Services													
Passed Through New Jersey Department of Human Services:													
Medical Assistance Program (SEM) - Cluster	93.778	206SNMAP	100-054-7500-211	60,852	7/1/19-6/30/20	(788)	788	-	-	-	-	-	-
Medical Assistance Program (SEM) - Cluster	93.778	206SNMAP	100-054-7500-211	5,213	7/1/20-6/30/21	-	5,213	(5,213)	-	-	-	-	-
Medical Assistance Program (SEM) - Cluster	93.778	206SNMAP	100-054-7500-211	61,727	7/1/20-6/30/21	-	61,289	(61,727)	-	-	(518)	-	-
Total U.S. Department of Health and Human Services						(788)	67,210	(66,940)	-	-	(518)	-	-
Total General Fund						(788)	77,294	(77,024)	-	-	(518)	-	-
U.S. Department of Education													
Passed Through New Jersey Department of Education:													
Special Revenue Fund:													
Title I - Part A	84.010	S010A200030	100-034-5064-194	162,649	7/1/20-9/30/21	-	69,197	(162,647)	-	-	(93,450)	-	-
Title I - Part A	84.010	S010A190030	100-034-5064-194	152,455	7/1/19-6/30/20	(66,529)	66,529	-	-	-	-	-	-
Title I - Part A	84.010	S010A200030	100-034-5064-194	13,974	7/1/20-9/30/21	-	3,089	(11,890)	-	-	(8,801)	-	-
Title I - Part A	84.010	S010A190030	100-034-5064-194	8,900	7/1/19-6/30/20	(6,226)	6,226	-	-	-	-	-	-
Subtotal						(72,759)	145,041	(174,537)	-	-	(102,251)	-	-
Title III - English Language Acquisition	84.367	S367A200029	100-034-5065-290	49,792	7/1/20-9/30/21	-	10,949	(46,700)	-	-	(35,740)	-	-
Title III - English Language Acquisition	84.367	S367A190029	100-034-5065-290	45,385	7/1/19-6/30/20	(27,985)	27,985	-	-	-	-	-	-
Subtotal						(27,985)	38,945	(46,700)	-	-	(35,740)	-	-
Title III - English Language Acquisition	84.365	S365A200009	100-034-5064-187	885	7/1/20-9/30/21	-	-	(885)	-	-	(885)	-	-
Subtotal						-	-	(885)	-	-	(885)	-	-
Cares Emergency Relief	84.425D	S425D200027	100-034-5120-513	128,016	3/13/20-9/30/2022	(17,903)	34,680	(18,427)	-	-	(1,650)	-	-
COVID-19 CRISA-ESSER II	84.425D	S425D200027	100-034-5120-513	513,244	3/13/20-9/30/2023	-	-	(144,113)	-	-	(144,113)	-	-
COVID-19 Learning Acceleration	84.425D	S425D200027	100-034-5120-513	32,938	3/13/20-9/30/2023	-	-	(882)	-	-	(882)	-	-
COVID-19 Mental Health	84.425D	S425D200027	100-034-5120-513	45,000	3/13/20-9/30/2023	-	-	(546)	-	-	(546)	-	-
Subtotal						(17,903)	34,680	(165,968)	-	-	(147,191)	-	-
Special Education Cluster:													
L.D.E.A. Part B, Basic Regular	84.027	H027A200100	100-034-5065-016	365,496	7/1/19-6/30/21	-	186,464	(365,496)	-	-	(179,032)	-	-
L.D.E.A. Part B, Basic Regular	84.027	H027A190100	100-034-5065-016	354,700	7/1/19-6/30/20	(110,546)	110,546	-	-	-	(179,032)	-	-
Subtotal						(110,546)	297,010	(365,496)	-	-	(179,032)	-	-
L.D.E.A. Preschool	84.173A	H173A190114	100-034-5066-020	14,483	7/1/19-6/30/21	-	6,918	(14,483)	-	-	(7,565)	-	-
L.D.E.A. Preschool	84.173A	H173A190114	100-034-5066-020	14,529	7/1/19-6/30/20	(4,151)	4,151	-	-	-	(7,565)	-	-
Subtotal						(4,151)	11,069	(14,483)	-	-	(7,565)	-	-
Total Special Education Cluster						(114,697)	308,079	(379,979)	-	-	(186,597)	-	-
U.S. Department of Treasury													
COVID-19 Coronavirus Relief Fund													
Subtotal	21.019	S425D200027	100-034-5120-517	63,911	3/13/20-9/30/2022	-	63,911	(63,911)	-	-	-	-	-
Total Special Revenue Fund						(233,340)	590,656	(829,980)	-	-	(472,664)	-	-
Total Expenditures of Federal Awards						(249,105)	1,733,916	(2,058,429)	\$ -	\$ -	(657,464)	\$ 3,846	\$ -

PITMAN BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2021

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2021		MEMO	
									(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE
New Jersey Department of Education:												
General Fund:												
Categorical Special Education Aid	495-034-5120-089	\$ 925,239	7/1/20-6/30/21	\$ -	\$ 925,239	\$ (925,239)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 925,239
Equalization Aid	495-034-5120-078	7,117,182	7/1/20-6/30/21	-	7,117,182	(7,117,182)	-	-	-	-	-	7,117,182
Security Aid	495-034-5120-084	142,285	7/1/20-6/30/21	-	142,285	(142,285)	-	-	-	-	-	142,285
Adjustment Aid	495-034-5120-085	661,288	7/1/20-6/30/21	-	661,288	(661,288)	-	-	-	-	-	661,288
Total State Aid Public		8,845,994		-	8,845,994	(8,845,994)	-	-	-	-	-	8,845,994
Categorical Transportation Aid	495-034-5120-014	148,522	7/1/20-6/30/21	-	148,522	(148,522)	-	-	-	-	-	148,522
Total Transportation Aid		148,522		-	148,522	(148,522)	-	-	-	-	-	148,522
Extraordinary Aid	495-034-5120-044	169,035	7/1/20-6/30/21	-	-	(169,035)	-	-	-	(169,035)	-	169,035
Extraordinary Aid	495-034-5120-044	158,669	7/1/19-6/30/20	(158,669)	158,669	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	495-034-5094-003	865,106	7/1/20-6/30/21	-	861,727	(865,106)	-	-	-	(3,379)	-	865,106
Reimbursed TPAF Social Security Contributions	495-034-5094-003	835,624	7/1/19-6/30/20	(38,406)	38,406	-	-	-	-	-	-	-
Non-cash Assistance:												
On Behalf Post Retirement Long Term Disability Insurance Contributions	100-034-5094-004	1,257	7/1/20-6/30/21	-	1,257	(1,257)	-	-	-	-	-	1,257
On Behalf TPAF Pension Contributions (Non-Budgeted)	100-034-5095-002	3,259,505	7/1/20-6/30/21	-	3,259,505	(3,259,505)	-	-	-	-	-	3,259,505
On Behalf TPAF Post-Retirement Medical (Non-Budgeted)	100-034-5095-001	1,021,478	7/1/20-6/30/21	-	1,021,478	(1,021,478)	-	-	-	-	-	1,021,478
Total General Fund		14,335,558		(197,075)	14,335,558	(14,310,897)	-	-	-	(172,414)	-	833,576
Debt Service Fund:												
Debt Service Aid	495-034-5120-017	326,594	7/1/20-6/30/21	-	326,594	(326,594)	-	-	-	-	-	326,594
Total Debt Service Fund		326,594		-	326,594	(326,594)	-	-	-	-	-	326,594
Enterprise Fund:												
National School Lunch Program (State Share)	100-010-3350-023	28,278	7/1/20-6/30/21	-	24,598	(28,278)	-	-	-	(3,680)	-	28,278
National School Lunch Program (State Share)	100-010-3350-023	3,826	7/1/19-6/30/20	(1,088)	1,088	-	-	-	-	-	-	-
Total Enterprise Fund		25,686		(1,088)	25,686	(28,278)	-	-	-	(3,680)	-	28,278
Total State Financial Assistance		14,687,838		(198,163)	14,687,838	(14,665,769)	\$ -	\$ -	\$ -	(176,094)	\$ -	833,576
Less: Grants Not Subject to Major Program Determination:												
On Behalf Post Retirement Long Term Disability Insurance Contributions	100-034-5094-004	1,257	7/1/20-6/30/21	-	-	1,257	-	-	-	-	-	-
On Behalf TPAF Pension Contributions (Non-Budgeted)	100-034-5095-002	3,259,505	7/1/20-6/30/21	-	-	3,259,505	-	-	-	-	-	-
On Behalf TPAF Post-Retirement Medical (Non-Budgeted)	100-034-5095-001	1,021,478	7/1/20-6/30/21	-	-	1,021,478	-	-	-	-	-	-
Total State Financial Assistance subject to Calculation for Major Program Determination		(10,585,529)										

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

PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1. Basis of Presentation

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 Medford Township Public School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

Note 3. Relationship to Basic Financial Statements

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

**PITMAN BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Note 3. Relationship to Basic Financial Statements (continued):

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is 44,585 for the general fund and \$76,202 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 77,024	\$ 14,355,482	\$ 14,432,506
Special Revenue Fund	906,182		906,182
Debt Service Fund		326,594	326,594
Food Service Fund	1,151,044	28,278	1,179,322
	<u>\$ 2,134,250</u>	<u>\$ 14,710,354</u>	<u>\$ 16,844,604</u>
Total Awards & Financial Assistance	<u>\$ 2,134,250</u>	<u>\$ 14,710,354</u>	<u>\$ 16,844,604</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Pitman Borough School District had no loan balances outstanding at June 30, 2021.

Note 6. On-Behalf Programs Not Subject To State Single Audit Major Program Determination

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

**PITMAN BOROUGH 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) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

2) Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? X yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>211NJ304N1099</u>	<u>Child Nutrition Cluster:</u>
<u>10.553</u>	<u>211NJ304N1099</u>	<u>COVID-19 National School Lunch Program</u>
<u>10.555</u>	<u>211NJ304N1099</u>	<u>COVID-19 School Breakfast Program</u>
		<u>COVID-19 Healthy Hunger-Free Kids Act</u>

Dollar threshold used to determine Type A programs \$750,000

Auditee qualified as low-risk auditee? X yes no

**PITMAN BOROUGH 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 Financial Assistance

Dollar threshold used to determine Type A programs _____ \$750,000 _____

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

 2) Significant deficiency(ies) identified? yes X no

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

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

495-034-5120-078	State Aid - Public:
495-034-5120-084	Equalization Aid
495-034-5120-089	Categorical Security Aid
495-034-5120-085	Categorical Special Education Aid
	Adjustment Aid

**PITMAN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**PITMAN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

Child Nutrition Cluster- 10.555 National School Lunch, 10.553 School Breakfast

Special Tests and Provisions

Finding 2021-001

Criteria or Specific Requirements - National School Lunch Program regulations 7 CFR 210.14(b) requires the SFA to limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service.

Condition – The Food Service Fund net cash resources exceeded three times the average monthly operating expenses.

Context – The District contracted with a Food Service Management Company in FY 2021 to alleviate the district's continued losses.

Effect - Noncompliance with Special Tests and Provisions for Child Nutrition Cluster.

Cause - The District received \$990,000 additional funds in FY 2021 over FY 2020 due to meals reimbursed at the higher free rate, the program being run for twelve months, and a food service management company was hired to revamp the food service program. Many needed upgrades were made to the equipment to minimize the excess funds. Despite these efforts there still were excess funds.

Recommendation - The School District remedy the funds exceeding Net Cash Resources.

STATE FINANCIAL ASSISTANCE

None.

**PITMAN BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.