

**POHATCONG TOWNSHIP
SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2021**

Annual Comprehensive

Financial Report

of the

Pohatcong Township School District

Board of Education

Phillipsburg, New Jersey

For the Fiscal Year Ending June 30, 2021

Prepared by

Pohatcong Township School District

Board of Education

Finance Department

OUTLINE OF ACFR

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Introductory Section

Pohatcong Township Board of Education

240 Route 519

Phillipsburg, NJ 08864

(908) 859-8155 Tel.

(908) 859-8067 Fax

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

Dear Board Members:

The comprehensive annual financial report of the Township of Pohatcong School District (District) for the fiscal year ended June 30, 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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform Guidance, "Audits of State and Local Governments and Non Profit Organizations", and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The Pohatcong Township Board of Education and all its schools constitute the District's reporting entity. The district provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The district completed the 2020-21 fiscal year with an enrollment of 297 students inclusive of preschool students. The following details the changes in the student enrollment.

Fiscal Year	<u>Average Daily Enrollment</u>	
	Student Enrollment	Percentage Change
2020-21	297	-5.7
2019-20	315	7.5
2018-19	293	-5.8
2017-18	311	1.5
2016-17	297	-1.9
2015-16	303	-5.3
2014-15	320	-6.2

TUITION PUPILS: Pohatcong Township School District sends our grade 9 to 12 students to Phillipsburg High School on a tuition basis. Approximately 128 students attended Phillipsburg High School while 25 students attended the Warren County Technical School District.

Currently the district sends approximately 7 children, ages three through twenty-one, for special educational instruction outside the Pohatcong Township School District as per the individual student's educational placement requirements.

PRESENT CONDITION AND OUTLOOK: The Pohatcong School will be entering its nineteenth year in 2020-21. The building is a modern, well equipped, facility with more than enough space to accommodate current enrollment. There are six classrooms that are not used on a daily basis. We have one room that is used for Occupational and Physical Therapy.

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

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

MAJOR INITIATIVES/PLANNING: In 2020-21, our focus was delivery of instruction while following all COVID 19 health and safety requirements. We continued to incorporate technology including Google Apps for Education into the daily instruction for all grades and utilized ZOOM for remote instruction. We expanded our one-to-one ChromeBook initiative to include all grades and assessed which technology would be obsolete in order to plan for replacement.

Progress of students was monitored through ongoing standardized assessments within Mathematics and English Language Arts in order to further individualize instruction and address learning loss. Mathematics and ELA series assessment materials were used while data analysis teams continued to meet. This data was also used for placement in our newly formed Summer Learning Academies.

Our Response to Intervention Program and Basic Skills Program continued utilizing Leveled Literacy Intervention Program for grades K-4. Read 180 was used for qualifying special education students System 44 or iRead was used for students who did not qualify for Read 180 and needed a more phonics-based approach.

We selected new programs, Into Science and Dimensions, for science in grades 3 to 8. Our selection was a "hands-on" program with print and online resources as well as ancillary materials that allow us to differentiate instruction, analyze data, and address different learning styles.

Pohatcong School District, using our school counselor, school social worker, and grade level teachers, we continued to focus on social and emotional learning (SEL) for in person and remote students and added an SEL Summer Learning Academy. We continued our position of School Resource Officer, who in addition to his security duties, also participated in positive school climate initiatives.

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

Delivery of remote learning due to COVID 19 quarantine restrictions was the primary focus of professional development.

BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. The final budget amount is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2021.

ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups.

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

BUDGET INFORMATION SHEET - OVERALL COMMENTS: The Pohatcong Township School District's 2020-21 School Budget encompassed the educational programs for students from grades kindergarten through twelfth grade in regular education, and preschool through age twenty one in special education. In addition, the district's budget included the operational expenses for the

township school.

The 2020-21 budget was developed to stay within the “Maximum Permitted Net Budget” as defined by the State of New Jersey Department of Education. The 2020-21 budget needed to support the educational and operational costs of delivering a thorough and efficient education was developed using the allowable spending growth limitation adjustments in the area of non-remote transportation. Revenues to support the 2020-21 budget were principally derived from the local tax levy.

DEBT ADMINISTRATION: The district had debt service payments of interest and principal totaling \$865,192.50 for the 2020-21 school year. State aid for debt service was 16.5% of total cost.

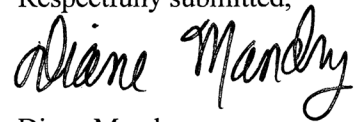
CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA").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

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

OTHER INFORMATION: State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The Board selected the accounting firm of Ardito & Co. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



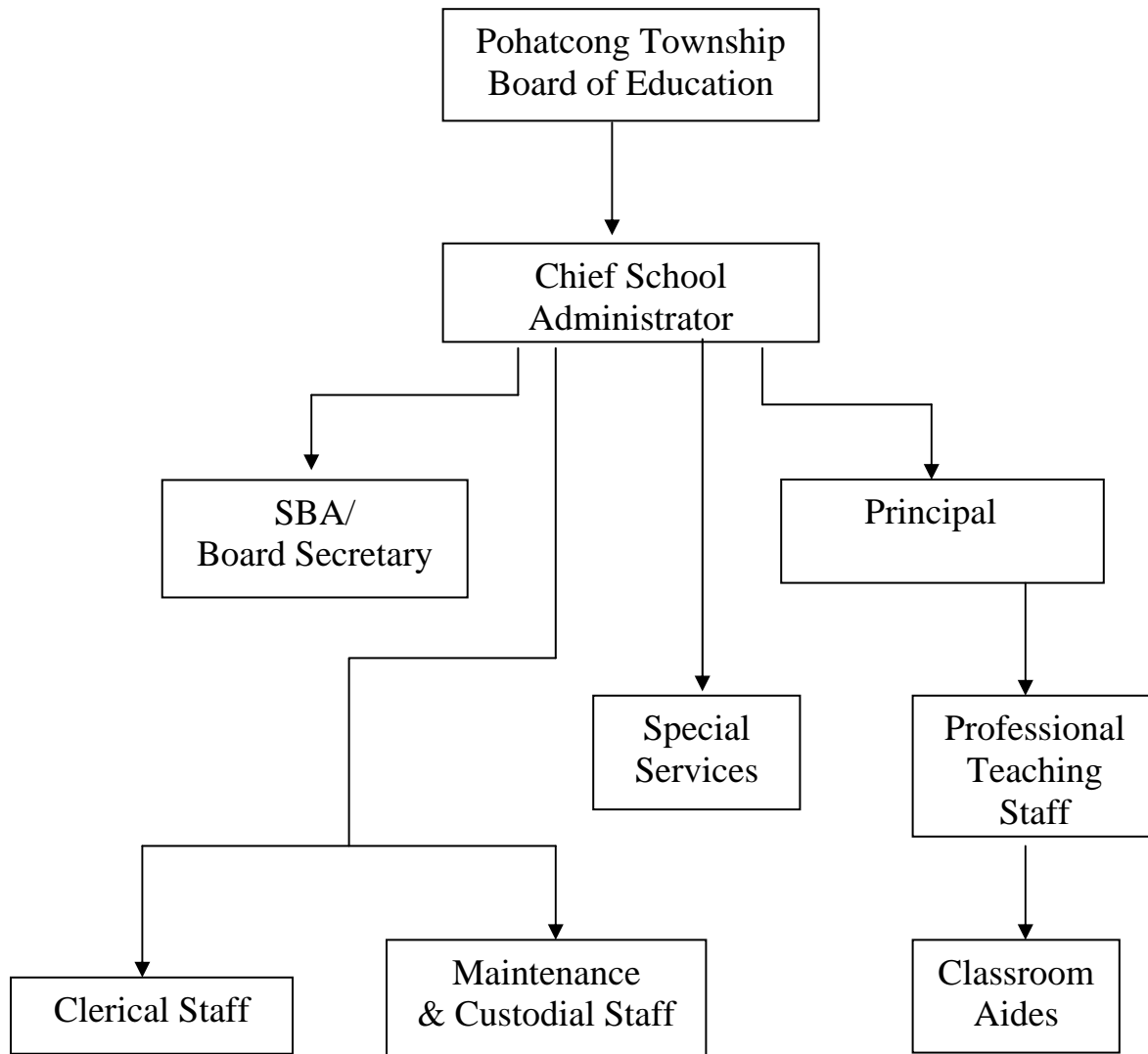
Diane Mandry
Chief School Administrator



Tim Mantz
Board Secretary/Business Administrator

Pohatcong Township Board of Education

Organization Chart



**Pohatcong Township School District
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Patricia Babcock, President	2021
Kristine Griesmeyer, Vice President	2023
Joseph Delesky	2021
Lynn Erk	2023
Wayne Hann	2021
Jamie Hudak	2022
Reni Melvin	2022
Carrolyn Fiorino	2022
Nelvia Horvath	2023

Other Officials

Diane Mandry, Chief School Administrator

Tim Mantz, Board Secretary/School Business Administrator

Cindy L. Hanics, Treasurer

**Pohatcong Township School District
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ATTORNEY

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

AUDIT FIRM

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

BOND COUNSEL

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

ARCHITECT

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

OFFICIAL DEPOSITORIES

PNC Bank
331 3rd Avenue
Alpha, NJ 08865

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

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

Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Pohatcong Township School District Board of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Pohatcong Township School District Board of Education, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

-Continued-

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

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated January 26, 2022, on our consideration of the Pohatcong Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the District's internal control over financial reporting and compliance.

Ardito & Company LLC

ARDITO & COMPANY LLC

January 26, 2022

Anthony Ardito

Anthony Ardito

Licensed Public School Accountant No. 2369

Required Supplementary Information - Part I

Management's Discussion and Analysis

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- ◆ In total, Net Position increased \$707,236 which represents a 33.5% increase from 2020.
- ◆ General revenues accounted for \$6,456,601 in revenue or 59.6% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,385,082 or 40.4% of total revenues of \$10,841,683.
- ◆ Total assets of governmental activities increased by \$142,325, as cash and cash equivalents increased by \$154,727, receivables increased by \$213,977, and capital assets decreased by \$227,093.
- ◆ The School District had \$10,134,447 in expenses; only \$4,385,082 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$6,456,601 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$8,649,245 in revenues and \$8,459,207 in expenditures. The General Fund's surplus balance increased \$190,038 over 2020, which compares to the budgeted decrease of \$463,024.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District's Net Position for 2021 compared to 2020.

**Table 1
Net Position**

	<u>2021</u>	<u>2020</u>
Assets		
Current and Other Assets	\$ 2,808,666	\$ 2,439,248
Capital Assets	<u>5,572,472</u>	<u>5,799,565</u>
Total Assets	<u>8,381,138</u>	<u>8,238,813</u>
 Deferred Outflows of Resources	 <u>119,720</u>	 <u>177,212</u>
 Liabilities		
Long-Term Liabilities	4,058,803	4,882,139
Other Liabilities	<u>1,157,663</u>	<u>963,133</u>
Total Liabilities	<u>5,216,466</u>	<u>5,845,272</u>
 Deferred Inflows of Resources	 <u>467,106</u>	 <u>460,703</u>
 Net Position		
Invested in Capital Assets, Net of Debt	1,587,472	904,439
Restricted	1,936,620	1,713,043
Unrestricted	<u>(706,806)</u>	<u>(507,432)</u>
Total Net Position	<u>\$ 2,817,286</u>	<u>\$ 2,110,050</u>

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Total assets of governmental activities increased by \$142,325, as cash and cash equivalents increased by \$154,727, receivables increased by \$213,977, and capital assets decreased by \$227,093.

Cash increased due to underspending budgeted appropriations, receivables increased due to CRRSA COVID grants not collected until the subsequent year, and capital assets decreased due to depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2020.

Table 2
Changes in Net Position

	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 281,912	\$ 326,608
Operating Grants and Contributions	4,103,170	3,359,887
General Revenues:		
Property Taxes	6,305,273	6,227,336
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	536	3,926
Other	<u>150,792</u>	<u>150,270</u>
Total Revenues	<u>10,841,683</u>	<u>10,068,027</u>
Program Expenses		
Instruction	4,687,686	4,278,594
Support Services:		
Tuition	1,934,200	2,000,379
Pupils and Instructional Staff	989,124	849,289
General Administration, School Administration, Business	744,198	687,645
Operations and Maintenance of Facilities	947,549	820,929
Pupil Transportation	306,318	372,524
Business-Type Activities	313,473	341,784
Interest and Fiscal Charges	<u>211,899</u>	<u>245,137</u>
Total Expenses	<u>10,134,447</u>	<u>9,596,281</u>
Increase in Net Position	<u>\$ 707,236</u>	<u>\$ 471,746</u>

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 58.2% percent of revenues for governmental activities for the Pohatcong Township School District for the fiscal year 2021.

Instruction comprises 46.3% of district expenses. Support services expenses make up 48.6% of the expenses.

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

Table 3

	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>
Instruction	\$ 4,687,686	\$ 2,644,810	\$4,278,594	\$2,665,592
Support Services:				
Tuition	1,934,200	1,198,567	2,000,379	1,331,650
Pupils and Instructional Staff	989,124	592,298	849,289	561,971
General Admin., School Admin., Business	744,198	461,157	687,645	457,764
Operation and Maintenance of Facilities	947,549	587,168	820,929	546,491
Pupil Transportation	306,318	189,816	372,524	247,989
Business-Type Activities	313,473	6,456	341,784	2,232
Interest and Fiscal Charges	<u>211,899</u>	<u>69,093</u>	<u>245,137</u>	<u>96,097</u>
Total Expenses	<u>\$ 10,134,447</u>	<u>\$ 5,749,365</u>	<u>\$ 9,596,281</u>	<u>\$ 5,909,786</u>

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

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

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

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

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

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

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

The dependence upon tax revenues is apparent. Over 56.4% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 61.5%. The community, as a whole, is the primary support for the PohatcongTownship School District.

The School District's Funds

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$9,779,711 and expenditures of \$9,593,624. The General Fund's surplus balance increased \$190,038 over 2020, which compares to the budgeted decrease of \$463,024.

General Fund Budgeting Highlights

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

During the course of the fiscal 2021 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$7,551,288, \$16,753 over original budgeted estimates of \$7,534,535. This difference was due primarily to extraordinary aid.

General fund revenues exceeded expenditures by \$188,583. Again this surplus compares to a budgeted deficit of \$463,024, which was due to the budgeted use of surplus needed to balance the 2021 budget. The district reduced the budgeted deficit with cost savings in the areas of instruction, support services, tuition, maintenance, and benefits.

Overall general fund balance (budget basis) was \$2,509,128, and amounts ear-marked and reserved for future purposes were \$2,168,973, creating a surplus in unreserved fund balance of \$340,155. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Capital Assets

At the end of the fiscal year 2021, the School District had \$5,572,472 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2021 balances compared to 2020.

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

	<u>2021</u>	<u>2020</u>
Land	\$ -	\$ -
Land Improvements	-	(13,107)
Buildings and Improvements	5,460,025	5,751,536
Machinery and Equipment	<u>112,447</u>	<u>61,136</u>
Totals	<u>\$ 5,572,472</u>	<u>\$ 5,799,565</u>

Overall capital assets decreased \$227,093 from fiscal year 2020 to fiscal year 2021. The decrease in capital assets was due to depreciation expense for the year.

Capital improvements of \$93,891 were purchased during fiscal year 2021 and included security upgrades.

Debt Administration

At June 30, 2021, the School District had \$4,013,826 as outstanding long term debt. Of this amount, \$28,826 is for compensated absences and \$3,985,000 is for bonds payable.

At June 30, 2021, the School District's overall legal debt margin was \$7,190,473 and the unvoted debt margin was the same.

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

For the Future

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

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

Contacting the School District's Financial Management

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

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2021

	GOVERNMENTAL BUSINESS-TYPE		
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,106,178	\$ 3,763	\$ 2,109,941
Receivables, Net	281,339	2,971	284,310
Interfund Receivable		8,015	8,015
Inventory		5,556	5,556
Restricted Assets:			
Capital Reserve Account - Cash	250,844		250,844
Emergency Reserve Account - Cash	150,000		150,000
Capital Assets, Net (Note 6):	5,572,472		5,572,472
Total Assets	8,360,833	20,305	8,381,138
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	119,720		119,720
LIABILITIES			
Accounts Payable		1,985	1,985
Payroll Deductions and Withholdings Payable	153,153		153,153
Interfund Payable	8,015		8,015
Unearned Revenue	235,929	2,994	238,923
Accrued Interest	95,587		95,587
Net Pension Liability (Note 8)	704,977		704,977
Noncurrent Liabilities (Note 7):			
Due Within One Year	660,000		660,000
Due Beyond One Year	3,353,826		3,353,826
Total Liabilities	5,211,487	4,979	5,216,466
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	467,106		467,106
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,587,472		1,587,472
Restricted for:			
Capital Reserve Account	250,844		250,844
Emergency Reserve Account	150,000		150,000
Other Purposes	1,535,776		1,535,776
Unrestricted	(722,132)	15,326	(706,806)
Total Net Position	\$ 2,801,960	\$ 15,326	\$ 2,817,286

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:							
Instruction:							
Regular	\$ 3,962,797	\$ 15,372	\$ 1,751,807		\$ (2,195,618)		\$ (2,195,618)
Special Education	440,229		167,432		(272,797)		(272,797)
Other Special Instruction	284,660		108,265		(176,395)		(176,395)
Support Services:							
Tuition	1,934,200		735,633		(1,198,567)		(1,198,567)
Student & Instruction Related Services	989,124	6,055	390,771		(592,298)		(592,298)
School Administrative Services	222,170		84,498		(137,672)		(137,672)
General and Business Admin. Services	522,028		198,543		(323,485)		(323,485)
Plant Operations and Maintenance	947,549		360,381		(587,168)		(587,168)
Pupil Transportation	306,318		116,502		(189,816)		(189,816)
Interest on Long-Term Debt	211,899		142,806		(69,093)		(69,093)
Unallocated Depreciation					-		-
Total Governmental Activities	9,820,974	21,427	4,056,638		(5,742,909)		(5,742,909)
Business-Type Activities:							
Food Service	53,473	485	46,532			\$ (6,456)	(6,456)
Shared Services	260,000	260,000				-	-
Total Business-Type Activities	313,473	260,485	46,532	-	-	(6,456)	(6,456)
Total Primary Government	\$ 10,134,447	\$ 281,912	\$ 4,103,170		\$ (5,742,909)	\$ (6,456)	\$ (5,749,365)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 5,582,886		\$ 5,582,886
Taxes Levied for Debt Service					722,387		722,387
Investment Earnings					532	4	536
Miscellaneous Income					150,792		150,792
Total General Revenues, Special Items, Extraordinary Items and Transfers					6,456,597	4	6,456,601
Change in Net Position					713,688	(6,452)	707,236
Net Position—Beginning					2,031,618	21,778	2,053,396
Prior Period Adjustments (See Note 19)					56,654		56,654
Net Position—Beginning (Restated)					2,088,272	21,778	2,110,050
Net Position—Ending					\$ 2,801,960	\$ 15,326	\$ 2,817,286

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

FUND FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 2,414,587	\$ 62,326	\$ 30,106	\$ 3	\$ 2,507,022
Interfund Receivables	30,106	321			30,427
Other Receivables	548	1			549
Receivables from Other Governments	54,807	225,983			280,790
TOTAL ASSETS	\$ 2,500,048	\$ 288,631	\$ 30,106	\$ 3	\$ 2,818,788
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payroll Deductions and Withholdings Payable	\$ 153,153				\$ 153,153
Interfund Payable	8,336		\$ 30,106		38,442
Reserve for Payment of Debt Service					
Deferred Revenue		235,929			235,929
Total Liabilities	161,489	235,929	30,106		427,524
Fund Balances:					
<u>Restricted for:</u>					
Capital Reserve Account	\$ 250,844				\$ 250,844
Emergency Reserve	150,000				150,000
Excess Surplus	690,484				690,484
Excess Surplus - Designated for Subsequent Year's Expenditures	792,587				792,587
Student Activities		52,702			52,702
<u>Assigned to:</u>					
Year-End Encumbrances	285,058				285,058
Designated for Subsequent Year's Expenditures					
Debt Service Fund				\$ 3	3
<u>Unassigned:</u>					
General Fund	169,586				169,586
Total Fund Balances	2,338,559	52,702	-	3	2,391,264
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,500,048	\$ 288,631	\$ 30,106	\$ 3	\$ 2,818,788

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,447,069 and the accumulated depreciation is \$5,874,597.	\$5,572,472
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)	119,720
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)	(467,106)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(704,977)
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(95,587)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(4,013,826)
Net Position of governmental activities	<u>\$ 2,801,960</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 5,582,886		\$ 722,387	\$ 6,305,273
Tuition	15,372			15,372
Interest on Capital Reserve	66			66
Miscellaneous	151,258	\$ 6,055		157,313
Total - Local Sources	<u>5,749,582</u>	<u>6,055</u>	<u>722,387</u>	<u>6,478,024</u>
State Sources	2,899,663	122	142,806	3,042,591
Federal Sources		259,096		259,096
Total Revenues	<u>8,649,245</u>	<u>265,273</u>	<u>865,193</u>	<u>9,779,711</u>
EXPENDITURES				
Current:				
Regular Instruction	2,465,365	254,647		2,720,012
Special Education Instruction	326,066			326,066
Other Special Instruction	210,840			210,840
Support services and undistributed costs:				
Tuition	1,934,200			1,934,200
Student and Instruction Related Services	689,150	14,578		703,728
School Administrative Services	148,506			148,506
Other Administrative Services	370,602			370,602
Plant Operations and Maintenance	660,097			660,097
Pupil Transportation	306,318			306,318
Unallocated Benefits	1,252,212			1,252,212
Transfer to Charter School	-			-
Debt Service:				
Principal			640,000	640,000
Interest and Other Charges			225,192	225,192
Capital Outlay	95,851			95,851
Total Expenditures	<u>8,459,207</u>	<u>269,225</u>	<u>865,192</u>	<u>9,593,624</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>190,038</u>	<u>(3,952)</u>	<u>1</u>	<u>186,087</u>
OTHER FINANCING SOURCES (USES)				
Transfers - Capital Projects Fund	-			-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	190,038	(3,952)	1	186,087
Fund Balance—July 1	2,148,521	-	2	2,148,523
Prior Period Adjustment-See Note 19	-	56,654		56,654
Fund Balance—July 1 (Restated)	<u>2,148,521</u>	<u>56,654</u>	<u>2</u>	<u>2,205,177</u>
Fund Balance—June 30	<u>\$ 2,338,559</u>	<u>\$ 52,702</u>	<u>\$ 3</u>	<u>\$ 2,391,264</u>

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 186,087

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

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

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

Depreciation Expense	\$ (320,984)	
Capital Outlays	<u>93,891</u>	(227,093)

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

This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. 96,296

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. 640,000

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which the prior year's amount of interest accrual exceeds the current year's amount. 15,253

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This amount is the amount by which the current year's compensated absence payments exceed the current year's amount earned. 3,145

Change in Net Position of Governmental Activities \$ 713,688

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2021

		Business-Type Activities - Enterprise Funds	
		Food Service	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$	3,763	\$ 3,763
Accounts Receivable		2,971	2,971
Interfund Receivable		8,015	8,015
Inventories		5,556	5,556
Total Current Assets		<u>20,305</u>	<u>20,305</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment		79,400	79,400
Less Accumulated Depreciation		(79,400)	(79,400)
Total Noncurrent Assets		<u> </u>	<u> </u>
	Total Assets	<u>20,305</u>	<u>20,305</u>
LIABILITIES			
Current liabilities:			
Accounts Payable		1,985	1,985
Deferred Revenue		2,994	2,994
Total Current Liabilities		<u>4,979</u>	<u>4,979</u>
	Total Liabilities	<u>4,979</u>	<u>4,979</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt			
Unrestricted		15,326	15,326
Total Net Position		<u><u>\$ 15,326</u></u>	<u><u>\$ 15,326</u></u>

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

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

	Business-type Activities - Enterprise Fund		
	Food Service	Shared Services	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 485		\$ 485
Daily Sales - Non-Reimb. Programs	-		-
Miscellaneous		\$ 260,000	260,000
Interest Income	4		4
Total Operating Revenues	489	260,000	260,489
Operating Expenses:			
Cost of Sales - Reimbursable Programs	22,654		22,654
Cost of Sales - Non-reimbursable Programs	-		-
Salaries	11,006	260,000	271,006
Employee Benefits	3,377		3,377
Other Purchased Professional Services	7,844		7,844
Supplies	3,500		3,500
Covid Emergency Costs	2,598		2,598
Miscellaneous	2,494		2,494
Depreciation	-		-
Total Operating Expenses	53,473	\$ 260,000	313,473
Operating Income (Loss)	(52,984)		(52,984)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	1,081		1,081
Federal Sources:			
National School Lunch Program	26,281		26,281
School Breakfast Program	13,617		13,617
Food Distribution Program	5,553		5,553
Total Nonoperating Revenues (Expenses)	46,532		46,532
Income (Loss)	(6,452)		(6,452)
Change in Net Position	(6,452)		(6,452)
Total Net Position—Beginning (As Restated)	21,778		21,778
Total Net Position—Ending	\$ 15,326	-	\$ 15,326

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds		
	Food Service	Shared Services	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 485	\$ 260,000	\$ 260,485
Payments to Employees	(11,006)	(260,000)	(271,006)
Payments for Employee Benefits	(3,377)		(3,377)
Payments to Suppliers	(39,442)		(39,442)
Net Cash Provided by (used for) Operating Activities	(53,340)	-	(53,340)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	949		949
Federal Sources	37,059		37,059
Net Cash Provided by (used for) Non-Capital Financing Activities	38,008	-	38,008
Net Increase (Decrease) in Cash and Cash Equivalents	(15,332)	-	(15,332)
Balances—Beginning of Year	19,095	-	19,095
Balances—End of Year	\$ 3,763	-	\$ 3,763
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (52,984)	-	\$ (52,984)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization			
Federal Commodities	5,553		5,553
(Increase) Decrease in Accounts Receivable, Net	(8,015)		(8,015)
(Increase) Decrease in Inventories	(714)		(714)
Increase (Decrease) in Accounts Payable	2,820		2,820
Total Adjustments	(356)		(356)
Net Cash Provided by (used for) Operating Activities	\$ (53,340)	-	\$ (53,340)

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

Notes to Financial Statements

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, and GASB No. 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2020.

A. Reporting Entity:

The Pohatcong Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Pohatcong Township School District had an approximate enrollment at June 30, 2021, of 297 students.

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

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

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

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the District reports the following fund type:

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

Measurement Focus - Basis of Accounting

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

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

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

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

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

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

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

D. Encumbrance Accounting:

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2021 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

E. Assets, Liabilities and Equity (Continued):

Net Position:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates:

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

The Board has no policy regarding custodial risk for deposits.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2021, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2: CASH AND CASH EQUIVALENTS - (Continued)

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>
Checking Accounts	\$2,109,941
Checking Accounts-Emergency Reserve	150,000
Checking Accounts-Capital Reserve	<u>250,844</u>
	<u><u>\$2,510,785</u></u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$2,510,785 and the bank balance was \$2,632,219. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$2,382,219 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2021, consisted of intergovernmental grants and aid. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government-Wide Financial Statements</u>
State Aid	\$ 54,807	\$ 54,939
Federal Aid	225,983	228,822
Other Receivables	<u>549</u>	<u>549</u>
Gross Receivable	281,339	284,310
Less: Allow. for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u><u>\$ 281,339</u></u>	<u><u>\$ 284,310</u></u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2021, consisted of the following:

Food	<u>\$5,556</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5: DEFERRED BOND ISSUANCE COSTS

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

NOTE 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	\$ 956,030			\$ 956,030
Buildings and Building Improvements	10,040,134			10,040,134
Machinery and Equipment	357,014	\$ 93,891		450,905
Total at Historical Cost	11,353,178	93,891	-	11,447,069
Less Accumulated Depreciation for:				
Land Improvements	(969,137)	13,107		(956,030)
Building and Improvements	(4,288,598)	(291,511)		(4,580,109)
Equipment	(295,878)	(42,580)		(338,458)
Total Accumulated Depreciation	(5,553,613)	(320,984)		(5,874,597)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	5,799,565	(227,093)	-	5,572,472
Government Activity Capital Assets, Net	\$ 5,799,565	\$ (227,093)	\$ -	\$ 5,572,472

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 218,269
Support - Students	28,889
General Administration	16,049
School Administration	9,630
Business Administration	6,420
Plant and Operations	<u>41,727</u>
Total	<u><u>\$ 320,984</u></u>

NOTE 7: LONG-TERM OBLIGATIONS

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	<u>Balance</u> <u>7/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/21</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$4,625,000		(\$640,000)	\$3,985,000	\$660,000
Other Liabilities:					
Retirement Obligations Payable	15,240		(3,480)	11,760	
Compensated Absences Payable	16,731	\$335		17,066	
Total	<u><u>\$4,656,971</u></u>	<u><u>\$335</u></u>	<u><u>(\$643,480)</u></u>	<u><u>\$4,013,826</u></u>	<u><u>\$660,000</u></u>

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2021, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance
	Issue Dates	Interest Rates	Date of Maturity	6/30/21
Bonds Payable	4/30/98	4.875%-5.25%	7/15/2026	\$ 3,985,000
Total Bonds				\$ 3,985,000

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2021, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 660,000	\$ 191,393	\$ 851,393
2023	660,000	157,072	817,072
2024	655,000	122,719	777,719
2025	650,000	88,463	738,463
2026	670,000	53,813	723,813
2027	690,000	18,112	708,112
	\$ 3,985,000	\$ 631,572	\$ 4,616,572

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

NOTE 8: PENSION PLANS

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

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

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$15,092,650 as measured on June 30, 2020 and \$13,967,326 measured on June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$938,525 and revenue of \$938,525 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2021 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2019 and June 30, 2020.

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

	<u>6/30/2019</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$10,077,460,797	\$9,589,140,982
Collective deferred inflows of resources	\$17,525,379,167	\$14,409,361,877
Collective net pension liability (Nonemployer-State of New Jersey)	\$61,370,943,870	\$65,848,796,740
State's portion of the net pension liability that was associated with the district	\$13,967,326	\$15,092,650
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.022759%	0.022920%

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

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45%
Therafter	2.75-5.65%
Investment Rate of Return:	7.00%

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.

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.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-US devel.markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yeild	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk mitigation	3.00%	3.40%

Discount rate - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. 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.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2020, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Current</u>			
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>	
	<u>(4.40%)</u>	<u>(5.40%)</u>	<u>(6.40%)</u>	
State's Collective Net Pension Liability	\$ 77,517,093,055	\$ 65,993,498,688	\$ 56,425,087,777	

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2020 was \$21,529,179,998.

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

	<u>Year Ended June 30:</u>
2021	(\$262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	<u>(335,285,618)</u>
Total	<u>(\$4,965,440,613)</u>

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2020 are as follows:

Service cost	\$1,643,902,335
Interest on total ension liability	4,680,942,056
Benefit Changes	(16,738,469)
Member contributions	(867,037,595)
Administrative expens	13,511,148
Expected investment return net of investment expenses	(1,525,370,804)
Pension expense related to specific liabilities of individual employers	4,749,837
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	177,152,462
Changes in assumptions	(394,786,992)
Difference between projected and actual investment earnings on pension plan investments	<u>387,432,792</u>
Total pension expense	<u>\$4,103,756,770</u>

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

At June 30, 2021, the District reported a liability of \$704,977 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability 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 total pension liability for the June 30, 2019 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2020 and 2019. At June 30, 2020, the District's proportion was 0.00432% which was a decrease of 0.0005% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of (\$48,489). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 12,836	\$ 7,575
Changes of assumptions	22,870	896,882
Net difference between projected and actual earnings on pension plan investments	24,097	-
Changes in proportion and differences between District contributions and proportionate share of contributions	12,625	296,122
District contributions subsequent to the measurement date	47,292	
Total	\$ 119,720	\$ 1,200,579

\$47,292 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability measured as of June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2021	(\$419,549)
2022	(382,501)
2023	(218,590)
2024	(88,394)
2025	(19,118)
Total	(\$1,128,151)

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

	<u>6/30/2019</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$3,149,522,616	\$2,347,583,337
Collective deferred inflows of resources	7,645,087,574	7,849,949,467
Collective net pension liability (Non State - Local Group)	\$18,018,482,972	\$16,307,384,832
District's portion of net pension liability	\$865,168	\$704,977
District's proportion %	0.00480156%	0.00432305%

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 actuarial 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%

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-US devel.markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yeild	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk mitigation	3.00%	3.40%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 887,448	\$704,977	\$ 550,145

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2020 are as follows:

Service cost	(\$95,867)
Interest on total Pension liability	(312,364)
Benefit Changes	2,141
Member contributions	68,142
Administrative expens	(1,630)
Expected investment return net of investment expenses	183,883
Pension expense related to specific liabilities of individual employers	854
Recognition (amortization) of deferred inflows/outflows:	0
Differences between expected and actual experience	(22,023)
Changes in assumptions	162,227
Difference between projected and actual investment earnings on pension plan investments	<u>(33,853)</u>
Total pension expense	<u>(\$48,489)</u>

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

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

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

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

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

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

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

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2021	\$47,292	100%	-0-
6/30/2020	\$46,778	100%	-0-
6/30/2019	\$47,543	100%	-0-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2021	\$695,087	100%	-0-
6/30/2020	\$512,003	100%	-0-
6/30/2019	\$457,321	100%	-0-

During the fiscal year ended June 30, 2021, the State of New Jersey did contribute \$912,827 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$183,675 during the year ended June 30, 2021, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

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

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

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

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

Total Nonemployer OPEB Liability

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS-(Continued)

Actuarial assumptions and other imputes The June 30, 2021 GASB 75 reporting is based on a measurement date of June 30, 2020. 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 used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018, for TPAF and PERS, respectively. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-4.45% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	1.55-4.45% TPAF 3.00-7.00% PERS Based on service years
Discount rate (2020)	2.21%
Discount rate (2019)	3.50%
Healthcare cost trend rates (PPO Plans)	5.6% decreasing to 4.5% after seven years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.6% decreasing to 4.5% after seven years
Healthcare cost trend rates (Prescription Drug Benefits)	7.0% decreasing to 4.5% after seven years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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.

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-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality-table with fully generational mortality improvement projections from the central year using Scale MP-2020.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS-(Continued)

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

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2019	\$41,729,081,045
<u>Changes for the year:</u>	
Service Cost	1,790,973,822
Interest on the Total OPEB Liability	1,503,341,357
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	11,544,750,637
Changes of Assumptions	12,386,549,981
Gross Benefit Payments	(1,180,515,618)
Contributions from Members	<u>35,781,384</u>
Net changes	<u>26,080,881,563</u>
The State's Total OPEB Liability Balance at 6/30/2020	<u>\$67,809,962,608</u>

The State's total OPEB liability attributable to the District: \$19,013,854

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020 and other changes.

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

	June 30, 2020		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total OPEB Liability (School Retirees)	\$81,748,410,002	\$67,809,962,608	\$56,911,439,160
	June 30, 2019		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Total OPEB Liability (School Retirees)	\$49,298,534,898	\$41,729,081,045	\$35,716,321,820

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS-(Continued)

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

	June 30, 2020		
	Health Care Cost		
	<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$54,738,488,540	\$67,809,962,608	\$83,375,182,975

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

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

For the year ended June 30, 2020, the board of education recognized OPEB expense and related revenue of \$729,253 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee’s OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$10,295,318,750	(\$9,170,703,615)
Changes of assumptions or other inputs	<u>11,534,251,250</u>	<u>(7,737,500,827)</u>
Total	<u>\$21,829,570,000</u>	<u>(\$16,908,204,442)</u>

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS-(Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
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>

NOTE 10: DEFERRED COMPENSATION

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

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

NOTE 11: COMPENSATED ABSENCES

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of retirement within the state pension plan, an employee is reimbursed for accumulated vacation and/or unused sick days. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial employment. The balance at June 30, 2021 is \$17,066.

In addition, full time teachers are granted retirement compensation according to their contract of \$200 per year of full time service if they retire with more than 25 years of service. The liability and the balance remaining at June 30, 2021, is \$11,760.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, no liability existed for compensated absences in the proprietary fund types.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12: RISK MANAGEMENT

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

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

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

The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies. No contingency or provision has been made in these financial statements, as no deficiencies occurred as of June 30, 2021 for the joint insurance pool. The coverage in this program is shown on exhibit J-20.

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

ARBITRAGE REBATE

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

LITIGATION

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

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$2,338,559 General Fund fund balance at June 30, 2021, \$1,483,071 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$792,587 of the total reserve for excess surplus is appropriated and included as anticipated revenue for the year ending June 30, 2022); \$150,000 is reserved in the Emergency Reserve Account; \$250,844 is reserved in the Capital Reserve Account; \$285,058 is reserved for encumbrances; and \$169,586 is unreserved and undesignated.

Debt Service Fund - The \$3 Debt Service fund balance at June 30, 2021 is anticipated to be included as anticipated revenue for subsequent fiscal years.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$690,484.

NOTE 16: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Pohatcong Township School District Board of Education by inclusion of \$1. on October 16, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

Beginning Balance, July 1, 2020	\$ 250,778
Interest Earnings	66
Ending Balance, June 30, 2021	<u>\$ 250,844</u>

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

All interfunds have been liquidated and returned their respective funds as of June 30, 2021.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 18: TAX ABATEMENTS

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

NOTE 19: PRIOR PERIOD ADJUSTMENT

Restatement of Prior Period:

As the Student Activities Fund does not meet the definition of a fiduciary activity prescribed in GASB No. 84 paragraph 11, the Student Activities Fund is to be reported in the special revenue fund. N.J.A.C. 6A:23A-16.12 governs the establishment and operation of the Student Activity Fund restricting expenditures within the fund and prohibiting the transfer of any unspent balances to any other fund.

Governmental Activities Net Position:

Net Position (per A-2), June 30, 2020	\$ 2,031,618
Restricted fund balance for Student Activities per GASB No. 84	<u>56,654</u>
Net Position (per A-2), June 30, 2020, as Restated	<u>\$ 2,088,272</u>

Governmental Funds:

Fund Balance (per B-2), June 30, 2020	\$ 2,148,523
Restricted fund balance for Student Activities per GASB No. 84	<u>56,654</u>
Fund Balance (per B-2), June 30, 2020, as Restated	<u>\$ 2,205,177</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,582,886		\$ 5,582,886	\$ 5,582,886	
Tuition	25,000		25,000	15,372	\$ (9,628)
Transportation	65,000		65,000	-	(65,000)
Interest on Capital Reserve	-		-	66	66
Miscellaneous	154,000		154,000	151,258	(2,742)
Total - Local Sources	5,826,886		5,826,886	5,749,582	(77,304)
State Sources:					
Equalization Aid	1,319,670		1,319,670	1,319,670	
Transportation Aid	84,857		84,857	84,857	
Special Education Aid	268,769		268,769	268,769	
Security Aid	34,353		34,353	34,353	
Other State Aid				94,057	94,057
TPAF Pension (On-Behalf - Non-Budgeted)				694,803	694,803
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				217,740	217,740
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				284	284
TPAF Social Security (Reimbursed - Non-Budgeted)				183,675	183,675
Total State Sources	1,707,649		1,707,649	2,898,208	1,190,559
TOTAL REVENUES	7,534,535		7,534,535	8,647,790	1,113,255

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	41,068		41,068	41,068	
Kindergarten - Salaries of Teachers	141,282	500	141,782	141,505	277
Grades 1-5 - Salaries of Teachers	923,439	(124,255)	799,184	799,111	73
Grades 6-8 - Salaries of Teachers	558,196	(8,000)	550,196	546,928	3,268
Regular Programs - Home Instruction:					
Salaries of Teachers	6,000		6,000		6,000
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	117,525		117,525	99,283	18,242
Purchased Professional-Educational Services	85,250	(3,876)	81,374	49,674	31,700
Other Purchased Services (400-500 series)	46,630	14,566	61,196	38,106	23,090
General Supplies	79,151	318,539	397,690	218,496	179,194
Other Objects	6,000	(5,500)	500	81	419
Employee Benefits	682,847	(6,675)	676,172	514,438	161,734
Tuition Reimbursement	10,000	6,675	16,675	16,675	
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,697,388	191,974	2,889,362	2,465,365	423,997
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	358,868	(27,050)	331,818	308,166	23,652
Other Salaries for Instruction	17,052	50	17,102	16,382	720
General Supplies	2,500	730	3,230	1,518	1,712
Textbooks	500		500		500
Other Objects	500		500		500
Employee Benefits					
Total Resource Room/Resource Center	379,420	(26,270)	353,150	326,066	27,084
TOTAL SPECIAL EDUCATION - INSTRUCTION	379,420	(26,270)	353,150	326,066	27,084

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Basic Skills/Remedial - Instruction					
Salaries of Teachers	131,704	26,915	158,619	158,620	(1)
Other Salaries for Instruction	41,677	85	41,762	40,807	955
General Supplies	1,500	214	1,714	313	1,401
Employee Benefits					
Total Basic Skills/Remedial - Instruction	174,881	27,214	202,095	199,740	2,355
School Sponsored Co/Extra Curricular Activities-Instruction:					
Salaries	12,530		12,530	11,100	1,430
General Supplies	1,500		1,500		1,500
Total School Sponsored Co/Extra Curricular Activities-Instr.	14,030		14,030	11,100	2,930
TOTAL INSTRUCTION	3,265,719	192,918	3,458,637	3,002,271	456,366
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular	1,601,516		1,601,516	1,601,515	1
Tuition to Other LEAs Within the State-Special	127,500	73,989	201,489	157,936	43,553
Tuition to County Voc. School Dist. - Regular	139,545		139,545	117,900	21,645
Tuition to County Voc. District - Special					
Tuition to CSSD & Regional Day Schools					
Tuition to Private Schools for the Disabled-Within State	192,405	(50,053)	142,352	56,849	85,503
Tuition - State Facilities					
Total Instruction	2,060,966	23,936	2,084,902	1,934,200	150,702

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Health Services:					
Salaries	58,561	3,596	62,157	62,158	(1)
Employee Benefits	40,092		40,092	38,716	1,376
Purchased Professional and Technical Services	4,400	(32)	4,368	4,368	
Supplies and Materials	2,750	5,601	8,351	6,044	2,307
Other Objects	615	(543)	72	72	
Total Health Services	106,418	8,622	115,040	111,358	3,682
Other Supp. Services Students-Related Services:					
Salaries	44,413	(44,413)			
Purchased Professional - Educational Services	75,000	67,913	142,913	140,276	2,637
Supplies and Materials	500		500		500
Total Other Supp. Services Students-Related Services	119,913	23,500	143,413	140,276	3,137
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	158,611	11,881	170,492	170,492	
Salaries of Secretarial and Clerical Assistants	33,373	4,782	38,155	38,155	
Employee Benefits	68,364		68,364	67,195	1,169
Purchased Professional - Educational Services	6,500	(4,852)	1,648	1,648	
Supplies and Materials	3,000	(1,808)	1,192	1,192	
Other Objects	1,000	(466)	534	534	
Total Other Supp. Services Students-Special	270,848	9,537	280,385	279,216	1,169

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services:					
Other Salaries	41,841		41,841	41,841	
Purchased Professional - Educational Services	2,000		2,000	1,300	700
Supplies and Materials	1,000		1,000	128	872
Total Improvement of Instruction Services	44,841		44,841	43,269	1,572
Educational Media Services/School Library:					
Salaries	65,891	478	66,369	66,369	
Employee Benefits	40,092		40,092	39,339	753
Purchased Professional and Technical Services	3,600	(2,379)	1,221	1,221	
Supplies and Materials	4,000	(1,609)	2,391	365	2,026
Total Educational Media Services/School Library	113,583	(3,510)	110,073	107,294	2,779
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	16,000	150	16,150	7,737	8,413
Supplies and Materials	500		500		500
Total Instructional Staff Training Services	16,500	150	16,650	7,737	8,913
Supp. Services - General Administration:					
Salaries	199,330		199,330	197,707	1,623
Employee Benefits	68,364		68,364	67,195	1,169
Legal Services	20,000	873	20,873	10,216	10,657
Audit Fees	13,000		13,000	12,463	537
Other Purchased Professional Services	7,000		7,000	5,558	1,442
Communications/Telephone	19,000		19,000	15,556	3,444
BOE Other Purchased Services	6,500	(2,600)	3,900	900	3,000
Other Purchased Services (400-500)	8,000	2,600	10,600	8,929	1,671
General Supplies	2,000	892	2,892	1,888	1,004
BOE Membership Dues and Fees	7,400		7,400	6,313	1,087
Total Supp. Services - General Administration	350,594	1,765	352,359	326,725	25,634

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	62,761		62,761	62,508	253
Salaries of Secretarial and Clerical Assistants	44,497	742	45,239	45,239	
Employee Benefits	40,092		40,092	39,404	688
Other Purchased Services (400-500 series)	1,250		1,250		1,250
Supplies and Materials	2,500	(742)	1,758	355	1,403
Other Objects	1,000		1,000	1,000	
Total Support Services - School Administration	152,100		152,100	148,506	3,594
Central Services:					
Salaries	17,905		17,905	17,905	
Employee Benefits	26,340		26,340	25,893	447
Supplies and Materials	500		500	79	421
Other Objects	1,735		1,735		1,735
Total Central Services	46,480		46,480	43,877	2,603
Required Maintenance for School Facilities:					
Salaries	67,441	(243)	67,198	67,198	
Cleaning, Repair and Maintenance Services	89,500	1,173	90,673	55,679	34,994
General Supplies	11,750	(1,613)	10,137	2,576	7,561
Total Required Maintenance for School Facilities	168,691	(683)	168,008	125,453	42,555
Other Operations and Maintenance of Plant:					
Salaries	160,717	(18,161)	142,556	137,501	5,055
Employee Benefits	96,637		96,637	94,987	1,650
Cleaning, Repair and Maintenance Services	54,500	59,044	113,544	81,794	31,750
Other Purchased Property Services	8,500	8,814	17,314	14,564	2,750
Insurance	52,372		52,372	52,372	
Miscellaneous Purchased Services	2,750	6,558	9,308	2,500	6,808
General Supplies	42,668	14,049	56,717	46,237	10,480
Energy (Natural Gas)	40,000	(5,400)	34,600	31,992	2,608
Energy (Electricity)	25,000		25,000	23,322	1,678
Gasoline	2,000	(874)	1,126	1,126	
Other Objects	1,000		1,000	765	235
Total Other Operations and Maintenance of Plant	486,144	64,030	550,174	487,160	63,014
Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	60,000		60,000	47,484	12,516
Total Care and Upkeep of Grounds	60,000		60,000	47,484	12,516

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Sal. For Pupil Transp. (Bet Home & Sch) - Reg.	28,180		28,180	28,180	
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	8,000		8,000	4,386	3,614
Contracted Services (Between Home and School)-Vendors	324,607		324,607	238,706	85,901
Contracted Services (Other than Bet.Home & School)-Vendors	5,000		5,000	(1,667)	6,667
Contracted Services (Between Home and School)-Joint Agrmts.	10,000		10,000		10,000
Contracted Services (Special Education Students)-Vendors	150,000		150,000	36,713	113,287
Contracted Services (Reg. Students)-ESCs & CTSAs	2,500		2,500		2,500
Total Student Transportation Services	528,287		528,287	306,318	221,969
UNALLOCATED BENEFITS					
Social Security Contributions	80,000		80,000	63,001	16,999
Other Retirement Contributions-Regular	65,000		65,000	47,292	17,708
Unemployment Compensation	13,000		13,000	11,356	1,644
Workmen's Compensation	36,015		36,015	26,070	9,945
Other Benefits	10,500		10,500	7,991	2,509
TOTAL UNALLOCATED BENEFITS	204,515		204,515	155,710	48,805

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
On-behalf TPAF pension Contrib. (non-budgeted)				694,803	(694,803)
On-behalf TPAF PRM Contrib. (non-budgeted)				217,740	(217,740)
On-behalf TPAF pension LTD Ins. (non-budgeted)				284	(284)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				183,675	(183,675)
TOTAL ON-BEHALF CONTRIBUTIONS				1,096,502	(1,096,502)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	204,515		204,515	1,252,212	(1,047,697)
TOTAL UNDISTRIBUTED EXPENDITURES	4,729,880	127,347	4,857,227	5,361,085	(503,858)
TOTAL GENERAL CURRENT EXPENSE	7,995,599	320,265	8,315,864	8,363,356	(47,492)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-Security		93,891	93,891	93,891	
Total Equipment		93,891	93,891	93,891	
Facilities Acquisition and Construction:					
Assessment for Debt Service on SDA Funding	1,960		1,960	1,960	
Total Facilities Acquisition and Construction	1,960		1,960	1,960	
TOTAL CAPITAL OUTLAY	1,960	93,891	95,851	95,851	
TOTAL EXPENDITURES	7,997,559	414,156	8,411,715	8,459,207	(47,492)

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(463,024)	(414,156)	(877,180)	188,583	1,065,763
Total Other Financing Sources:	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(463,024)	(414,156)	(877,180)	188,583	1,065,763
Fund Balance, July 1	2,320,545		2,320,545	2,320,545	
Fund Balance, June 30	\$ 1,857,521	\$ (414,156)	\$ 1,443,365	\$ 2,509,128	\$ 1,065,763
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 250,844	
Emergency Reserve				150,000	
Excess Surplus				690,484	
Excess Surplus - Designated for Subsequent Year's Expenditures				792,587	
Assigned to:					
Year-End Encumbrances				285,058	
Unassigned:					
Unrestricted Fund Balance				340,155	
Fund Balance per Governmental Funds(Budgetary Basis)				\$ 2,509,128	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Current Year Last State Aid Payment not recognized on GAAP basis until received				(170,569)	
Fund Balance per Governmental Funds(GAAP Basis)				\$ 2,338,559	

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources	\$ 347	\$ 5,708	\$ 6,055	\$ 6,055	-
State Sources	122	-	122	122	-
Federal Sources	243,398	229,794	473,192	246,032	\$ (227,160)
Total Revenues	243,867	235,502	479,369	252,209	(227,160)
EXPENDITURES:					
Instruction					
Other Salaries	54,900		54,900	54,900	
Purchased Prof. & Tech. Services	5,000		5,000	5,000	
Other Purchased Services	14,640		14,640	14,640	
Tuition	88,582		88,582	88,582	
General Supplies	80,197	229,447	309,644	82,484	227,160
Text Books	122		122	122	
Total Instruction	243,441	229,447	472,888	245,728	227,160
Support Services					
Supplies and Materials	426		426	426	
Student Activities		10,007	10,007	10,007	
Total Support Services	426	10,007	10,433	10,433	
Total Expenditures	\$ 243,867	\$ 239,454	\$ 483,321	\$ 256,161	\$ 227,160
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	(3,952)	(3,952)	(3,952)	-
Fund Balance Beginning					-
Prior Period Adjustment *				56,654	
Fund Balance Beginning (Restated)				56,654	
Fund Balance Ending				<u>\$ 52,702</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 52,702	
Total Fund Balance				<u>\$ 52,702</u>	

* Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

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

For the Fiscal Year Ended June 30, 2021

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 8,647,790	\$ 252,209
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	N/A	21,834
Current Year	N/A	(8,770)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	172,024	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(170,569)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 8,649,245</u>	<u>\$ 265,273</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 8,459,207	\$ 256,161
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	N/A	21,834
Current Year	N/A	(8,770)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	-	-
Net transfers (outflows) to general fund	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 8,459,207</u>	<u>\$ 269,225</u>

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

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
State's proportionate share of the net pension liability (asset) associated with the District	\$ 15,092,650	\$ 13,967,326	\$ 14,894,518	\$ 16,847,600	\$ 19,824,089	\$ 14,719,129	\$ 13,310,080	\$ 12,654,847		
Total	\$ 15,092,650	\$ 13,967,326	\$ 14,894,518	\$ 16,847,600	\$ 19,824,089	\$ 14,719,129	\$ 13,310,080	\$ 12,654,847		
District's covered employee payroll	\$ 2,658,679	\$ 2,792,927	\$ 2,548,973	\$ 2,479,224	\$ 2,325,762	\$ 2,537,795	\$ 2,573,394	\$ 2,421,056		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
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%		

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

Exhibit L-1

Public Employees' Retirement System (PERS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net pension liability (asset)	0.004323051%	0.004801556%	0.004770494%	0.004948007%	0.006032853%	0.005625126%	0.005887294%	0.006172430%		
District's proportionate share of the net pension liability (asset)	\$ 704,977	\$ 865,168	\$ 939,286	\$ 1,151,817	\$ 1,786,758	\$ 1,262,728	\$ 1,102,262	\$ 1,179,674		
District's covered employee payroll	\$ 324,988	\$ 348,966	\$ 337,404	\$ 341,210	\$ 339,981	\$ 662,752	\$ 646,149	\$ 689,440		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	216.92%	247.92%	278.39%	337.57%	525.55%	190.53%	170.59%	171.11%		
Plan fiduciary net position as a percentage of the total pension liability (Local)	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%		

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

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

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
District's covered employee payroll	\$ 2,658,679	\$ 2,792,927	\$2,548,973	\$2,479,224	\$2,325,762	\$2,537,795	\$ 2,573,394	\$ 2,421,056		
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		

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

Public Employees' Retirement System (PERS)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 47,292	\$ 46,778	\$ 47,543	\$ 46,132	\$ 53,805	\$ 48,361	\$ 49,601	\$ 46,508		
Contributions in relation to the contractually required contribution	(47,292)	(46,778)	(47,543)	(46,132)	(53,805)	(48,361)	(49,601)	(46,508)		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
District's covered employee payroll	\$ 324,988	\$ 348,966	\$ 337,404	\$ 341,210	\$ 339,981	\$ 662,752	\$ 646,149	\$ 689,440		
Contributions as a percentage of covered-employee payroll	14.55%	13.40%	14.09%	13.52%	15.83%	7.30%	7.68%	6.75%		

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

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

Exhibit M-1

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

The State of New Jersey's Total OPEB Liability	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Service Cost	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319					
Interest	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792					
Change in Benefit Terms										
Differences Between Expected and Actual Experience	11,544,750,637	(7,323,140,818)	-5002065740							
Benefit Payments	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)					
Contributions from Members	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747					
Changes of Assumptions or other inputs	<u>12,386,549,981</u>	<u>\$ 622,184,027</u>	<u>\$ (5,291,448,855)</u>	<u>(7,086,599,129)</u>	8,611,513,521					
Net change in total OPEB liability	26,080,881,563	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360					
Total OPEB Liability - Beginning	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184	\$ 46,849,651,824					
Total OPEB Liability - Ending	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184					
The State of New Jersey's total OPEB liability **	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184					
The State of New Jersey's OPEB liability attributable to the District **	\$ 19,013,854	\$ 12,503,873	\$ 13,924,249	\$ 15,580,485	\$ 16,937,607					
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero	Zero					
District's covered employee payroll	\$ 2,983,667	\$ 3,141,893	\$ 2,886,377	\$ 2,820,434	\$ 2,665,743					
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%					
District's contribution	None	None	None	None	None					
State's covered employee payroll ***	\$ 14,267,738,657	\$ 13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$ 13,493,400,208					
Total State's OPEB liability as a percentage of its covered-employee payroll	475.27%	299.58%	338.05%	397.53%	428.59%					

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

*** Covered payroll for the Measurement Period ending June 30, 2019 and June 30, 2020 is based on the payroll on the June 30, 2018 and June 30, 2019 census data, respectively

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

POHATCONG SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2021

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

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

Changes of assumptions. 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.

OPEB Schedules

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

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

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

Public Employees' Retirement System (PERS)

Pension Schedules

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

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

OPEB Schedules

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

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

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2021

	Title I	Title II Part A	Title IV	IDEA Basic	IDEA Preschool	Corona Relief Fund	CRRSA II Learning	CARES Grant	REAP	Non-Public Digital Divide	Non-Public Textbooks	Student Activities	Totals
REVENUES													
Local Sources												\$ 6,055	\$ 6,055
State Sources											\$ 122		122
Federal Sources	\$ 47,479	\$ 10,012	\$ 10,000	\$ 88,582	\$ 2,743	\$ 16,597	\$ 40	\$ 40,567	\$ 29,925	\$ 87			246,032
TOTAL REVENUES	47,479	10,012	10,000	88,582	2,743	16,597	40	40,567	29,925	87	122	6,055	252,209
EXPENDITURES:													
Instruction:													
Other Salaries	45,000	9,900											54,900
Purchased Prof. & Tech. Services			5,000										5,000
Other Purchased Services			1,500			13,140							14,640
Tuition				88,582									88,582
General Supplies	2,479	112	3,500		2,743	3,457	40	40,141	29,925	87			82,484
Text Books											122		122
Total Instruction	47,479	10,012	10,000	88,582	2,743	16,597	40	40,141	29,925	87	122	-	245,728
Support Services:													
Supplies and Materials								426					426
Student Activities												10,007	10,007
Total Support Services	-	-	-	-	-	-	-	426	-	-	-	10,007	10,433
TOTAL EXPENDITURES	\$ 47,479	\$ 10,012	\$ 10,000	\$ 88,582	\$ 2,743	\$ 16,597	\$ 40	\$ 40,567	\$ 29,925	\$ 87	\$ 122	\$ 10,007	\$ 256,161
Total Outflows	\$ 47,479	\$ 10,012	\$ 10,000	\$ 88,582	\$ 2,743	\$ 16,597	\$ 40	\$ 40,567	\$ 29,925	\$ 87	\$ 122	\$ 10,007	\$ 256,161
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	(3,952)	(3,952)
Fund Balance Beginning	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment *	-	-	-	-	-	-	-	-	-	-	-	56,654	56,654
Fund Balance Beginning (Restated)	-	-	-	-	-	-	-	-	-	-	-	56,654	56,654
Fund Balance Ending	-	-	-	-	-	-	-	-	-	-	-	\$ 52,702	\$ 52,702

* Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

N/A

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

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

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

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

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

**FIDUCIARY FUND
DETAIL STATEMENTS**

Fiduciary Funds are defined by GASB No. 84 as four funds. (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

N/A

LONG-TERM DEBT SCHEDULES

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit I-1

SCHEDULE OF SERIAL BONDS
AS OF ENDED JUNE 30, 2021

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2020</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2021</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Construction of School	4/30/98	\$ 9,690,000	7/15/2021	\$ 660,000	5.200%	\$ 4,625,000	\$ 640,000	\$ 3,985,000
			7/15/2022	660,000	5.200%			
			7/15/2023	655,000	5.250%			
			7/15/2024	650,000	5.250%			
			7/15/2025	670,000	5.250%			
			7/15/2026	690,000	5.250%			
Total						<u>\$ 4,625,000</u>	<u>\$ 640,000</u>	<u>\$ 3,985,000</u>

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 722,387		\$ 722,387	\$ 722,387	
	722,387	-	722,387	722,387	
State Sources:					
Debt Service Aid Type II	142,806		142,806	142,806	
Total - State Sources	142,806		142,806	142,806	
TOTAL REVENUES	\$ 865,193	-	\$ 865,193	\$ 865,193	
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 225,192		\$ 225,192	\$ 225,192	
Redemption of Principal	640,000		640,000	640,000	
Total Regular Debt Service	865,192		865,192	865,192	
TOTAL EXPENDITURES	\$ 865,192		\$ 865,192	\$ 865,192	
Fund Balance, July 1	\$ 2		\$ 2	\$ 2	
Fund Balance, June 30	\$ 3		\$ 3	\$ 3	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance					

Pohatcong Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	91-96
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	97-100
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	101-104
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	105-106
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	107-111

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.

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

Exhibit J-1

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ (2,209,270)	\$ (1,846,659)	\$ (838,393)	\$ (139,423)	\$ 131,768	\$ 373,289	\$ 634,810	\$ 904,439	\$ 904,439	\$ 1,587,472
Restricted	2,127,063	1,350,985	1,440,213	1,244,547	1,443,723	1,869,722	2,026,700	1,700,343	1,656,389	1,936,620
Unrestricted	227,923	1,173,510	533,545	(981,004)	(1,186,077)	(1,149,452)	(1,089,979)	(1,047,094)	(529,210)	(722,132)
Total governmental activities net position	<u>\$ 145,716</u>	<u>\$ 677,836</u>	<u>\$ 1,135,365</u>	<u>\$ 124,120</u>	<u>\$ 389,414</u>	<u>\$ 1,093,559</u>	<u>\$ 1,571,531</u>	<u>\$ 1,557,688</u>	<u>\$ 2,031,618</u>	<u>\$ 2,801,960</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 20,090	\$ 15,696	\$ 11,303	\$ 6,910	\$ 2,516			\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	31,339	33,333	33,744	36,767	25,314	21,111	28,039	\$ 23,962	\$ 21,778	\$ 15,326
Total business-type activities net position	<u>\$ 51,429</u>	<u>\$ 49,029</u>	<u>\$ 45,047</u>	<u>\$ 43,677</u>	<u>\$ 27,830</u>	<u>\$ 21,111</u>	<u>\$ 28,039</u>	<u>\$ 23,962</u>	<u>\$ 21,778</u>	<u>\$ 15,326</u>
District-wide										
Invested in capital assets, net of related debt	\$ (2,189,180)	\$ (1,830,963)	\$ (827,090)	\$ (132,513)	\$ 134,284	\$ 373,289	\$ 634,810	\$ 904,439	\$ 904,439	\$ 1,587,472
Restricted	2,127,063	1,350,985	1,440,213	1,244,547	1,443,723	1,869,722	2,026,700	1,700,343	1,656,389	1,936,620
Unrestricted	259,262	1,206,843	567,289	(944,237)	(1,160,763)	(1,128,341)	(1,061,940)	(1,023,132)	(507,432)	(706,806)
Total district net position	<u>\$ 197,145</u>	<u>\$ 726,865</u>	<u>\$ 1,180,412</u>	<u>\$ 167,797</u>	<u>\$ 417,244</u>	<u>\$ 1,114,670</u>	<u>\$ 1,599,570</u>	<u>\$ 1,581,650</u>	<u>\$ 2,053,396</u>	<u>\$ 2,817,286</u>

Source: ACFR Schedule A-1

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,573,524	\$ 2,620,573	\$ 2,778,779	\$ 3,167,825	\$ 3,109,857	\$ 3,529,414	\$ 3,642,447	\$ 3,600,746	\$ 3,294,548	\$ 3,962,797
Special education	486,865	620,141	654,161	689,124	710,171	807,938	725,735	695,188	713,342	440,229
Other special education	257,199	296,472	211,359	205,417	225,723	288,490	399,482	344,015	270,704	284,660
Support Services:										
Tuition	1,544,375	1,709,734	1,708,489	2,179,468	2,368,961	1,727,071	2,004,147	2,359,437	2,000,379	1,934,200
Student & instruction related services	684,140	756,050	717,447	804,688	886,892	949,991	1,132,836	828,463	849,289	989,124
General administrative services	417,900	442,818	414,267	425,495	534,754	545,534	547,179	515,184	497,479	522,028
School administrative services	162,038	174,168	186,344	199,555	177,410	199,711	198,495	205,839	190,166	222,170
Plant operations and maintenance	632,184	658,986	806,735	773,411	658,773	756,251	816,264	846,284	820,929	947,549
Pupil transportation	364,951	305,367	284,568	327,908	366,238	390,263	382,437	438,683	372,524	306,318
Other Support Services										
Interest on long-term debt	476,770	463,618	434,660	403,913	372,730	341,764	309,872	277,397	245,137	211,899
Total governmental activities expenses	<u>7,599,946</u>	<u>8,047,927</u>	<u>8,196,809</u>	<u>9,176,804</u>	<u>9,411,509</u>	<u>9,536,427</u>	<u>10,158,894</u>	<u>10,111,236</u>	<u>9,254,497</u>	<u>9,820,974</u>
Business-type activities:										
Food service	100,941	94,513	102,893	99,236	108,926	113,177	96,038	108,147	81,784	53,473
Total business-type activities expense	<u>100,941</u>	<u>94,513</u>	<u>102,893</u>	<u>99,236</u>	<u>108,926</u>	<u>113,177</u>	<u>96,038</u>	<u>108,147</u>	<u>81,784</u>	<u>53,473</u>
Total district expenses	<u>\$ 7,700,887</u>	<u>\$ 8,142,440</u>	<u>\$ 8,299,702</u>	<u>\$ 9,276,040</u>	<u>\$ 9,520,435</u>	<u>\$ 9,649,604</u>	<u>\$ 10,254,932</u>	<u>\$ 10,219,383</u>	<u>\$ 9,336,281</u>	<u>\$ 9,874,447</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition and Transportation	\$ 41,461	\$ -	\$ -	\$ -	15,980	-	44,109	\$ 20,000	18,100	\$ 21,427
Operating grants and contributions	2,412,372	2,624,302	2,572,350	3,226,835	\$ 3,431,481	\$ 4,012,851	\$ 4,299,785	3,761,060	\$ 3,328,843	4,056,638
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>2,453,833</u>	<u>2,624,302</u>	<u>2,572,350</u>	<u>3,226,835</u>	<u>3,447,461</u>	<u>4,012,851</u>	<u>4,343,894</u>	<u>3,781,060</u>	<u>3,346,943</u>	<u>4,078,065</u>
Business-type activities:										
Charges for services										
Food service	53,498	51,323	52,758	51,940	54,771	62,035	56,309	62,952	48,508	485
Operating grants and contributions	43,900	40,775	42,922	44,304	38,294	44,394	46,598	41,051	31,044	46,532
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>97,398</u>	<u>92,098</u>	<u>95,680</u>	<u>96,244</u>	<u>93,065</u>	<u>106,429</u>	<u>102,907</u>	<u>104,003</u>	<u>79,552</u>	<u>47,017</u>
Total district program revenues	<u>\$ 2,551,231</u>	<u>\$ 2,716,400</u>	<u>\$ 2,668,030</u>	<u>\$ 3,323,079</u>	<u>\$ 3,540,526</u>	<u>\$ 4,119,280</u>	<u>\$ 4,446,801</u>	<u>\$ 3,885,063</u>	<u>\$ 3,426,495</u>	<u>\$ 4,125,082</u>
Net (Expense)/Revenue										
Governmental activities	\$ (5,146,113)	\$ (5,423,625)	\$ (5,624,459)	\$ (5,949,969)	\$ (5,964,048)	\$ (5,523,576)	\$ (5,815,000)	\$ (6,330,176)	\$ (5,907,554)	\$ (5,742,909)
Business-type activities	(3,543)	(2,415)	(7,213)	(2,992)	(15,861)	(6,748)	6,869	(4,144)	(2,232)	(6,456)
Total district-wide net expense	<u>\$ (5,149,656)</u>	<u>\$ (5,426,040)</u>	<u>\$ (5,631,672)</u>	<u>\$ (5,952,961)</u>	<u>\$ (5,979,909)</u>	<u>\$ (5,530,324)</u>	<u>\$ (5,808,131)</u>	<u>\$ (6,334,320)</u>	<u>\$ (5,909,786)</u>	<u>\$ (5,749,365)</u>

Continued

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 4,956,473	\$ 5,055,602	\$ 5,156,714	\$ 5,156,714	\$ 5,208,281	\$ 5,260,363	\$ 5,312,967	\$ 5,366,096	\$ 5,473,418	\$ 5,582,886
Taxes levied for debt service	854,009	862,756	881,917	877,582	855,874	825,751	816,197	785,125	753,918	722,387
Unrestricted grants and contributions	-	-	-	-	30,106	-	-	-	-	-
Investment earnings	2,543	2,067	1,362	1,055	1,117	1,181	4,476	5,030	3,878	532
Miscellaneous income	21,425	35,310	41,995	34,488	109,294	140,426	159,332	160,082	150,270	150,792
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>5,834,450</u>	<u>5,955,735</u>	<u>6,081,988</u>	<u>6,069,839</u>	<u>6,204,672</u>	<u>6,227,721</u>	<u>6,292,972</u>	<u>6,316,333</u>	<u>6,381,484</u>	<u>6,456,597</u>
Business-type activities:										
Investment earnings	22	15	3,231	1,622	14	29	59	67	48	4
Total business-type activities	<u>22</u>	<u>15</u>	<u>3,231</u>	<u>1,622</u>	<u>14</u>	<u>29</u>	<u>59</u>	<u>67</u>	<u>48</u>	<u>4</u>
Total district-wide	<u>\$ 5,834,472</u>	<u>\$ 5,955,750</u>	<u>\$ 6,085,219</u>	<u>\$ 6,071,461</u>	<u>\$ 6,204,686</u>	<u>\$ 6,227,750</u>	<u>\$ 6,293,031</u>	<u>\$ 6,316,400</u>	<u>\$ 6,381,532</u>	<u>\$ 6,456,601</u>
Change in Net Position										
Governmental activities	\$ 688,337	\$ 532,110	\$ 457,529	\$ 119,870	\$ 240,624	\$ 704,145	\$ 477,972	\$ (13,843)	\$ 473,930	\$ 713,688
Business-type activities	(3,521)	(2,400)	(3,982)	(1,370)	(15,847)	(6,719)	6,928	(4,077)	(2,184)	(6,452)
Total district	<u>\$ 684,816</u>	<u>\$ 529,710</u>	<u>\$ 453,547</u>	<u>\$ 118,500</u>	<u>\$ 224,777</u>	<u>\$ 697,426</u>	<u>\$ 484,900</u>	<u>\$ (17,920)</u>	<u>\$ 471,746</u>	<u>\$ 707,236</u>

Source: ACFR Schedule A-2

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

Exhibit J-3

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Fiscal Year Ending June 30,</u>		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
					<u>2016</u>	<u>2017</u>				
General Fund										
Reserved	\$ 2,340,262	\$ 2,517,786	\$ 1,943,371	\$ 1,346,743	\$ 1,510,418	\$ 2,063,967	\$ 2,204,694	\$ 1,871,095	\$ 2,070,545	\$ 2,168,973
Unreserved	94,879	81,780	84,271	83,470	90,558	92,988	149,485	146,905	77,976	169,586
Total general fund	<u>\$ 2,435,141</u>	<u>\$ 2,599,566</u>	<u>\$ 2,027,642</u>	<u>\$ 1,430,213</u>	<u>\$ 1,600,976</u>	<u>\$ 2,156,955</u>	<u>\$ 2,354,179</u>	<u>\$ 2,018,000</u>	<u>\$ 2,148,521</u>	<u>\$ 2,338,559</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	\$ 174,408	\$ 174,408	\$ 174,408	\$ 174,408	-	-	-	-	-	-
Debt service fund	1	2	3	3	\$ 2	\$ 1	\$ 2	\$ 2	\$ 2	\$ 3
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 174,409</u>	<u>\$ 174,410</u>	<u>\$ 174,411</u>	<u>\$ 174,411</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 3</u>

Source: ACFR Schedule B-1

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

Exhibit J-4

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues										
Tax levy	\$ 5,810,482	\$ 5,918,358	\$ 6,038,631	\$ 6,034,296	\$ 6,064,155	\$ 6,086,114	\$ 6,129,164	\$ 6,151,221	\$ 6,227,336	\$ 6,305,273
Transportation & Tuition Charges	41,461	-	-	13,445	15,980	-	44,109	20,000	18,100	15,372
Miscellaneous	23,968	37,377	43,357	22,098	110,411	141,607	163,808	165,112	154,148	157,379
State sources	2,182,994	2,452,276	2,409,105	2,459,249	2,602,353	2,639,954	2,770,738	2,880,666	2,852,237	3,042,591
Federal sources	229,378	172,026	163,245	177,369	161,751	164,969	199,928	175,129	167,963	259,096
Total revenue	8,288,283	8,580,037	8,654,338	8,706,457	8,954,650	9,032,644	9,307,747	9,392,128	9,419,784	9,779,711
Expenditures										
Instruction										
Regular Instruction	2,120,733	2,068,380	2,255,238	2,257,902	2,114,486	2,194,913	2,294,213	2,483,339	2,392,351	2,720,012
Special education instruction	438,322	540,937	583,646	552,086	543,539	563,411	509,701	531,707	573,873	326,066
Other special instruction	231,555	258,611	188,576	164,568	172,760	201,177	280,566	263,116	217,777	210,840
Other instruction	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,544,375	1,709,734	1,708,489	2,179,468	2,368,961	1,727,071	2,004,147	2,359,437	2,000,379	1,934,200
Student & instruction related services	589,341	630,915	609,453	607,240	643,382	627,058	760,205	599,408	648,952	703,728
School Administrative services	137,020	142,398	149,225	139,078	123,979	127,463	127,604	146,023	141,557	148,506
General administrative services	355,555	364,033	352,579	328,406	381,737	352,881	356,753	367,407	373,545	370,602
Plant operations and maintenance	530,750	533,543	597,092	557,231	453,049	476,215	522,130	597,823	610,896	660,097
Pupil transportation	364,951	305,367	284,568	327,908	366,238	390,263	382,437	438,683	372,524	306,318
Unallocated employee benefits	477,438	661,318	601,477	646,842	763,135	825,262	893,259	999,071	1,046,382	1,252,212
Other Support Services	-	-	-	-	-	-	-	-	-	-
Charter Schools	42,413	49,901	20,398	10,284	-	-	-	-	-	-
Capital outlay	111,257	117,164	819,260	481,804	1,960	1,960	1,960	1,960	8,069	95,851
Debt service:										
Principal	570,000	565,000	610,000	635,000	640,000	635,000	655,000	650,000	645,000	640,000
Interest and other charges	486,557	468,310	446,260	416,069	385,070	353,992	322,548	290,333	257,958	225,192
Total expenditures	8,000,267	8,415,611	9,226,261	9,303,886	8,958,296	8,476,666	9,110,523	9,728,307	9,289,263	9,593,624
Excess (Deficiency) of revenues over (under) expenditures	288,016	164,426	(571,923)	(597,429)	(3,646)	555,978	197,224	(336,179)	130,521	186,087
Other Financing Sources (uses)										
Capital Leases	-	-	-	-	-	-	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	204,514	-	-	-	-	-
Transfers out	-	-	-	-	(204,514)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 288,016	\$ 164,426	\$ (571,923)	\$ (597,429)	\$ (3,646)	\$ 555,978	\$ 197,224	\$ (336,179)	\$ 130,521	\$ 186,087
Debt service as a percentage of noncapital expenditures	13.4%	12.5%	12.6%	11.9%	11.4%	11.7%	10.7%	9.7%	9.7%	9.1%

Source: ACFR Schedule B-2

POHATCONG TOWNSHIP SCHOOL DISTRICT

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>SREC</u> <u>Revenue</u>	<u>Tuition</u>	<u>Settlements</u>	<u>Classroom</u> <u>Rental</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 2,543				\$ 13,663	\$ 6,542	\$ 22,748
2013	2,067				10,930	24,380	37,377
2014	1,362				8,198	33,797	43,357
2015	1,055		\$ 13,445	\$ 15,000	5,465	578	35,543
2016	1,117	\$ 80,000	15,980		16,395	5,561	119,053
2017	1,181	120,000	-		10,930	2,158	134,269
2018	4,476	150,000	44,109		5,465	1,468	205,518
2019	5,030	150,106	20,000		8,198	1,778	185,112
2020	3,877	150,241	18,100		-	30	172,248
2021	532	150,000	15,372			792	166,696

SOURCE: District Records

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

Exhibit J-6

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax- Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2012	\$4,432,600	\$205,114,700	\$28,232,200	\$2,530,225	\$100,816,000	\$5,427,300	\$399,300	\$376,450,589	\$28,857,500	\$640,764	\$347,593,089	\$1.719	\$415,658,275
2013	4,279,800	203,759,800	28,720,800	2,570,795	98,698,100	5,276,700	399,300	371,787,845	27,444,900	637,650	344,342,945	1.673	396,514,904
2014	4,876,820	220,378,690	26,285,900	2,522,250	100,336,700	5,355,300	448,700	388,178,959	27,243,600	730,999	360,935,359	1.731	379,426,238
2015	4,427,585	207,531,300	29,171,200	2,499,565	98,463,400	5,375,600	420,600	376,382,883	27,773,100	720,533	348,609,783	1.735	368,077,066
2016	4,568,085	207,285,720	29,489,150	2,441,835	99,383,400	5,375,600	420,600	377,315,083	27,705,600	645,093	349,609,483	1.729	368,557,450
2017	4,786,335	207,819,020	28,187,050	2,460,200	102,223,000	5,375,600	420,600	380,009,198	28,092,300	645,093	351,916,898	1.768	353,829,086
2018	4,766,335	208,477,320	28,130,050	2,460,200	96,516,400	5,375,600	420,600	375,636,683	28,884,500	605,678	346,752,183	1.780	346,752,183
2019	4,657,675	208,726,920	27,787,850	2,472,870	95,481,400	5,375,600	420,600	374,493,593	28,965,000	605,678	345,528,593	1.794	361,679,716
2020	4,534,175	208,122,720	27,578,650	2,473,420	97,951,400	5,375,600	420,600	376,736,874	29,654,900	625,409	347,081,974	1.826	365,220,958
2021	4,363,875	209,022,740	26,164,150	2,689,300	96,707,100	5,405,500	420,600	375,454,984	30,061,350	620,369	345,393,634	1.826	367,760,687

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Pohatcong Township School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt		Township	Warren County	
		Service ^b	Total Direct			
2012	\$1.426	\$0.246	\$1.672	\$1.114	\$0.761	\$3.547
2013	\$1.468	\$0.251	\$1.719	\$1.115	\$0.778	\$3.612
2014	\$1.673	\$0.000	\$1.673	\$1.066	\$0.750	\$3.489
2015	\$1.479	\$0.252	\$1.731	\$1.123	\$0.814	\$3.668
2016	\$1.490	\$0.245	\$1.735	\$1.165	\$0.737	\$3.637
2017	\$1.494	\$0.235	\$1.729	\$1.208	\$0.760	\$3.697
2018	\$1.223	\$0.235	\$1.768	\$1.223	\$0.771	\$3.762
2019	\$1.280	\$0.227	\$1.780	\$1.280	\$0.757	\$3.817
2020	\$1.577	\$0.217	\$1.794	\$1.344	\$0.754	\$3.892
2021	\$1.617	\$0.209	\$1.826	\$1.390	\$0.748	\$3.964

Source: District Records and Municipal Tax Collector

Note:

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

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

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

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

Exhibit J-8

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

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 5,810,482	\$ 5,810,482	100.00%	-
2013	\$ 5,918,358	\$ 5,918,358	100.00%	-
2014	\$ 6,038,631	\$ 6,038,631	100.00%	-
2015	\$ 6,034,296	\$ 6,034,296	100.00%	-
2016	\$ 6,064,155	\$ 6,064,155	100.00%	-
2017	\$ 6,086,114	\$ 6,086,114	100.00%	-
2018	\$ 6,129,164	\$ 6,129,164	100.00%	-
2019	\$ 6,151,221	\$ 6,151,221	100.00%	-
2020	\$ 6,227,336	\$ 6,227,336	100.00%	-
2021	\$ 6,305,273	\$ 6,305,273	100.00%	-

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

Note:

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2012	\$ 9,660,000	-0-	-0-	-0-	-0-	\$ 9,660,000	6.33%	\$2,943.33	
2013	\$ 9,095,000	-0-	-0-	-0-	-0-	\$ 9,095,000	5.75%	\$2,795.02	
2014	\$ 8,485,000	-0-	-0-	-0-	-0-	\$ 8,485,000	5.37%	\$2,610.77	
2015	\$ 7,850,000	-0-	-0-	-0-	-0-	\$ 7,850,000	4.98%	\$2,421.34	
2016	\$ 7,210,000	-0-	-0-	-0-	-0-	\$ 7,210,000	4.57%	\$2,223.94	
2017	\$ 6,575,000	-0-	-0-	-0-	-0-	\$ 6,575,000	4.00%	\$2,034.34	
2018	\$ 5,920,000	-0-	-0-	-0-	-0-	\$ 5,920,000	3.56%	\$1,832.25	
2019	\$ 5,270,000	-0-	-0-	-0-	-0-	\$ 5,270,000	3.08%	\$1,648.42	
2020	\$ 4,625,000	-0-	-0-	-0-	-0-	\$ 4,625,000	2.60%	\$1,456.69	
2021	\$ 3,985,000	-0-	-0-	-0-	-0-	\$ 3,985,000	2.17%	\$1,255.51	

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

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

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

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 9,660,000	-0-	\$ 9,660,000	2.78%	\$ 2,943
2013	\$ 9,095,000	-0-	\$ 9,095,000	2.64%	\$ 2,795
2014	\$ 8,485,000	-0-	\$ 8,485,000	2.35%	\$ 2,611
2015	\$ 7,850,000	-0-	\$ 7,850,000	2.25%	\$ 2,421
2016	\$ 7,210,000	-0-	\$ 7,210,000	2.06%	\$ 2,224
2017	\$ 6,575,000	-0-	\$ 6,575,000	1.87%	\$ 2,034
2018	\$ 5,920,000	-0-	\$ 5,920,000	1.71%	\$ 1,832
2019	\$ 5,270,000	-0-	\$ 5,270,000	1.53%	\$ 1,648
2020	\$ 4,625,000	-0-	\$ 4,625,000	1.33%	\$ 1,457
2021	\$ 3,985,000	-0-	\$ 3,985,000	1.15%	\$ 1,256

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

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

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

* Current data unavailable

**Pohatcong Township School District
 Ratios of Overlapping Governmental Activities Debt
 As of June 30, 2021**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Pohatcong Township	\$ 2,821,439	100.000%	\$ 2,821,439
Other debt			
Warren County	1,765,000	3.290%	<u>58,061</u>
Subtotal, overlapping debt			2,879,500
Pohatcong Township School District Direct Debt			<u>3,985,000</u>
Total direct and overlapping debt			<u><u>\$ 6,864,500</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized valuation basis	
	2018	361,478,637
	2019	368,062,640
	2020	388,006,060
	[A]	<u>\$ 1,117,547,337</u>
Average equalized valuation of taxable property	[A/3]	\$ 372,515,779
Debt limit (3 % of average equalization value)	[B]	11,175,473
Net bonded school debt	[C]	3,985,000
Legal debt margin	[B-C]	<u>\$ 7,190,473</u>

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 12,535,185	\$ 11,880,364	\$ 11,540,452	\$ 11,215,007	\$ 10,931,228	\$ 10,681,553	\$ 10,681,553	\$ 10,760,254	\$ 10,904,113	\$ 11,175,473
Total net debt applicable to limit	<u>9,660,000</u>	<u>9,095,000</u>	<u>8,485,000</u>	<u>7,850,000</u>	<u>7,210,000</u>	<u>6,575,000</u>	<u>6,575,000</u>	<u>5,270,000</u>	<u>4,625,000</u>	<u>3,985,000</u>
Legal debt margin	<u>\$ 2,875,185</u>	<u>\$ 2,785,364</u>	<u>\$ 3,055,452</u>	<u>\$ 3,365,007</u>	<u>\$ 3,721,228</u>	<u>\$ 4,106,553</u>	<u>\$ 4,106,553</u>	<u>\$ 5,490,254</u>	<u>\$ 6,279,113</u>	<u>\$ 7,190,473</u>
Total net debt applicable to the limit as a percentage of debt limit	77.06%	76.55%	73.52%	70.00%	65.96%	61.55%	61.55%	48.98%	42.42%	35.66%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012	3,308	\$152,783,148	\$47,099 R	7.8%
2013	3,282	\$152,596,590	\$47,606 R	8.1%
2014	3,259	\$158,290,830	\$49,212 R	5.4%
2015	3,254	\$158,096,250	\$51,146 R	4.4%
2016	3,239	\$157,707,090	\$52,006 R	4.1%
2017	3,214	\$166,710,960	\$53,669 R	3.5%
2018	3,197	\$166,247,874	\$55,448 R	3.0%
2019	3,192	\$171,138,607	\$57,854 R	3.0%
2020	3,177	\$177,984,150	\$57,854 *	7.2%
2021	3,174	\$183,628,596	\$57,854 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by NJ Dept of Labor

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

R =Revised

P =Projected

* Current figure unavailable

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

Exhibit J-15

<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
		N/A			N/A	
	-		0.00%	-		0.00%

Source:
Information not available at municipal or county level

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

Exhibit J-16

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	24	24	24.2	22.2	23.2	23.2	23.2	23.8	23.8	22.5
Special education	6	6	6.0	6.0	7.0	7.0	7.0	7.0	7.0	7.5
Support Services:										
Student & instruction related services	12	12	12.1	11.9	8.6	8.6	8.6	8.6	8.6	10.3
General administrative services	2	2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	2	2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central services	1	1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	4	4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Total	51.1	51.1	50.8	48.6	47.3	47.3	47.3	47.9	47.9	48.8

Source: District Personnel Records

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

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures^a	Cost Per Pupil	Percentage Change	Teaching Staff^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE)^c	Average Daily Attendance (ADA)^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	352	\$6,832,453	\$19,410	3.93%	51.00	6.9:1	351.3	335.9	2.00%	95.62%
2013	353	7,265,137	20,581	6.03%	51.10	6.9:1	348.8	331.4	-0.71%	95.01%
2014	341	7,350,741	21,556	4.74%	51.00	6.7:1	339.0	324.0	-2.81%	95.58%
2015	321	7,771,013	24,209	12.30%	50.00	6.4:1	319.0	305.0	-5.90%	95.61%
2016	305	7,931,266	26,004	7.42%	47.30	6.4:1	302.1	288.2	-5.30%	95.40%
2017	297	7,485,714	25,204	7.42%	42.00	7.1:1	295.5	279.9	-0.01%	94.74%
2018	297	7,485,714	25,204	7.42%	42.00	7.1:1	295.5	279.9	-0.01%	94.74%
2019	295	8,786,014	29,783	18.17%	42.00	7.0:1	293.0	281.5	-0.84%	96.08%
2020	315	8,378,236	26,598	-10.70%	39.40	8.0:1	311.0	297.9	6.14%	95.79%
2021	297	8,632,581	29,066	9.28%	40.30	7.4:1	296.6	283.9	-4.63%	95.72%

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

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>District Building</u>										
<u>Elementary</u>										
Pohatcong Elementary (1999)										
Square Feet	89,074	89,074	89,074	89,074	89,074	89,074	89,074	89,074	89,074	89,074
Capacity (students)	731	731	731	731	731	731	731	731	731	731
Enrollment	352	353	341	321	305	297	295	295	315	297

Number of Schools at June 30, 2021
Elementary = 1

Source: District Facilities Office

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

Pohatcong Township School District

GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2021

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2,016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Pohatcong Township School	040	\$ 169,834	\$ 173,089	\$ 169,434	\$ 172,734	\$ 133,888	\$ 129,691	\$ 148,929	\$ 143,049	\$ 115,789	\$ 125,453	\$ 1,481,890
Grand Total		\$ 169,834	\$ 173,089	\$ 169,434	\$ 172,734	\$ 133,888	\$ 129,691	\$ 148,929	\$ 143,049	\$ 115,789	\$ 125,453	\$ 1,481,890

POHATCONG TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2021

UNAUDITED

Exhibit J-20

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

SOURCE: District Records

Single Audit Section



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Anthony Ardito, CPA, RMA, CMFO, PSA

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pohatcong Township School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pohatcong Township School District Board of Education's basic financial statements, and have issued our report thereon dated January 26, 2022.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

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

Purpose of this Report

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

Ardito & Company LLC

ARDITO & COMPANY LLC
January 26, 2022

Anthony Ardito

Anthony Ardito
Licensed Public School Accountant No. 2369



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Anthony Ardito, CPA, RMA, CMFO, PSA

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Pohatcong Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2021. The Pohatcong Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

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

-Continued-

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Ardito & Company LLC

ARDITO & COMPANY LLC

January 26, 2022

Anthony Ardito

Anthony Ardito

Licensed Public School Accountant No. 2369

Pohatcong Township School District

K-3

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2021

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2020	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021			Cumulative Total Expenditures
					From	To						Adjust.	Accounts Receivable	Deferred Revenue	
U.S. Department of Treasury															
Passed-through State															
Department of Education:															
Special Revenue Fund:															
Coronavirus Relief Fund Grant	21.019	TBD	N/A	\$ 16,597	3/1/20	12/31/21			\$ 16,597	\$ (16,597)					\$ 16,597
Total Coronavirus Relief Fund									16,597	(16,597)					16,597
State Department of Education:															
Special Revenue Fund:															
TITLE I	84.010	S010A200030	ESEA-1785-21	47,479	7/1/20	6/30/21			47,209	(47,479)		\$ (270)	-		47,479
TITLE II (A)	84.367	S367B200027	ESEA-1785-24	10,012	7/1/20	6/30/21	\$ (4,145)		14,157	(10,012)		-			10,012
TITLE IV	84.424A	S424B200027	ESEA-1785-21	10,000	7/1/20	6/30/21	(4,075)		14,075	(10,000)		-			10,000
Total ESEA							(8,220)	-	75,441	(67,491)	-	(270)	-	-	67,491
I.D.E.A. Part B, Basic Regular	84.027	H027A200100	FT-1785-21	88,582	7/1/20	6/30/21			88,574	(88,582)		(8)			88,582
I.D.E.A. Part B, Preschool	84.173	H173A200114	FT-1785-21	2,743	7/1/20	6/30/21			2,743	(2,743)		-			2,743
Total Special Education Cluster									91,317	(91,325)		(8)	-	-	91,325
Rural Education Achievement Program	84.358A	S358B200030	S358A201794	23,075	7/1/20	6/30/21	(14,437)		44,362	(29,925)		-			29,925
Total REAP							(14,437)		44,362	(29,925)		-	-	-	29,925
CARES Emergency Relief Grant	84.425D	S425D200027	CARES	40,567	3/13/20	9/30/22			40,567	(40,567)					40,567
Digital Divide	84.425D	S425D200027	CARES	87	7/1/20	6/30/21				(87)		(87)			87
CRRSA ESSER II	84.425D	S425D200027	CRRSA	155,618	3/13/20	9/30/23				-		(155,618)	\$ 155,618		
CRRSA II Learning	84.425D	S425D200027	CRRSA	25,000	3/13/20	9/30/23				(40)		(25,000)	24,960		40
CRRSA II Mental Health	84.425D	S425D200027	CRRSA	45,000	3/13/20	9/30/23				-		(45,000)	45,000		
Total Coronavirus Aid Relief, and Economic Security Act – Elementary and Secondary School Emergency Relief Funds									40,567	(40,694)	-	(225,705)	225,578	-	40,694
Total Special Revenue Fund							(22,657)	-	268,284	(246,032)	-	(225,983)	225,578	-	246,032
Enterprise Fund:															
Child Nutrition Cluster:															
National School Lunch Program (Food Distribution)	10.555	20NJ304N1099	N/A		7/1/19	6/30/20	1,025			(1,025)					1,025
National School Lunch Program (Food Distribution)	10.555	21NJ304N1099	N/A	7,522	7/1/20	6/30/21			7,522	(4,528)			2,994		4,528
School Breakfast Program	10.553	20NJ304N1099	N/A		7/1/19	6/30/20	-		-						
School Breakfast Program	10.553	21NJ304N1099	N/A	13,617	7/1/20	6/30/21			12,636	(13,617)		(981)			13,617
National School Lunch Program	10.555	20NJ304N1099	N/A		7/1/19	6/30/20	-		-						
National School Lunch Program	10.555	21NJ304N1099	N/A	26,281	7/1/20	6/30/21			24,423	(26,281)		(1,858)			26,281
Total Enterprise Fund							1,025	44,581	(45,451)	-	-	(2,839)	2,994	-	45,451
TOTAL FEDERAL ASSISTANCE							\$ (21,632)	\$ 312,865	\$ (291,483)	-	\$ (228,822)	\$ 228,572	\$	\$ 291,483	

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

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

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2021

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2020	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2021			MEMO			
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.		
STATE DEPARTMENT OF EDUCATION																
General Fund:																
Equalization Aid	21-495-034-5121-078	7/1/21-6/30/21	\$ 1,319,670			\$ 1,319,670	\$ (1,319,670)									
Transportation Aid	21-495-034-5121-014	7/1/21-6/30/21	84,857			84,857	(84,857)							\$ 131,816	\$ 1,319,670	
Special Education Aid	21-495-034-5121-089	7/1/21-6/30/21	268,769			268,769	(268,769)							8,476	84,857	
Security Aid	21-495-034-5121-084	7/1/21-6/30/21	34,353			34,353	(34,353)							26,846	268,769	
Extra-ordinary Aid	21-495-034-5121-044	7/1/21-6/30/21	45,647				(45,647)			\$ (45,647)				3,431	34,353	
Extra-ordinary Aid	20-495-034-5121-044	7/1/20-6/30/20	47,830			47,830	(47,830)								45,647	
Non-Public Transportation Aid	21-100-034-5121-068	7/1/21-6/30/21	-				-								47,830	
Non-Public Transportation Aid	20-100-034-5121-068	7/1/20-6/30/20	580			580	(580)								580	
On Behalf TPAF Pension	21-495-034-5094-002	7/1/21-6/30/21	694,803			694,803	(694,803)								694,803	
On Behalf TPAF Pension PMR	21-495-034-5094-001	7/1/21-6/30/21	217,740			217,740	(217,740)								217,740	
On Behalf TPAF Pension LTD Ins	21-495-034-5094-004	7/1/21-6/30/21	284			284	(284)								284	
Reimbursed TPAF Soc. Secur. Contrib.	21-495-034-5094-003	7/1/21-6/30/21	183,675	\$ (10,230)		184,745	(183,675)				(9,160)				183,675	
Total General Fund				<u>(10,230)</u>		<u>2,853,631</u>	<u>(2,898,208)</u>	<u>-</u>			<u>(54,807)</u>			<u>170,569</u>	<u>2,898,208</u>	
Special Revenue Fund:																
Non-Public Textbooks	21-100-034-5120-064	7/1/21-6/30/21	122			122	(122)								122	
Total Special Revenue Fund				<u>-</u>		<u>122</u>	<u>(122)</u>	<u>-</u>			<u>-</u>				<u>122</u>	
Debt Service Fund:																
Debt Service Aid Type 2	21-100-034-5121-125	7/1/21-6/30/21	142,806			142,806	(142,806)								142,806	
Enterprise Fund:																
Nat. School Lunch Prog. (State Share)	20-100-010-3350-023	7/1/20-6/30/20		-		-										
Nat. School Lunch Prog. (State Share)	21-100-010-3350-023	7/1/21-6/30/21	1,081			949	(1,081)				(132)				1,081	
Total Enterprise Fund				<u>-</u>		<u>949</u>	<u>(1,081)</u>	<u>-</u>			<u>(132)</u>				<u>1,081</u>	
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (10,230)</u>	<u>-</u>	<u>\$ 2,997,508</u>	<u>\$ (3,042,217)</u>	<u>-</u>			<u>\$ (54,939)</u>	<u>-</u>	<u>-</u>	<u>\$ 170,569</u>	<u>\$ 3,042,217</u>	
Less On-behalf TPAF Pension Amounts :																
On Behalf TPAF Pension						694,803										
On Behalf TPAF Pension PMR						217,740										
On Behalf TPAF Pension LTD Ins						284										
Total State Expenditures Subject to Major Program Determination						<u>\$ (2,129,390)</u>										

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,455 for the general fund and \$13,064 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
 JUNE 30, 2021

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 2,899,663	\$ 2,899,663
Special Revenue Fund	\$ 259,096	122	259,218
Debt Service Fund		142,806	142,806
Food Service Fund	<u>45,451</u>	<u>1,081</u>	<u>46,532</u>
Total Financial Assistance	<u>\$ 304,547</u>	<u>\$ 3,043,672</u>	<u>\$ 3,348,219</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? ___ Yes No

Federal Awards

Not Applicable

Internal control over major programs:

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

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

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

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

Identification of major programs:

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

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section II-Financial Statement Findings

N/A

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

Section III - State Financial Assistance Findings and Questioned Costs

N/A

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

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

STATUS OF PRIOR YEAR FINDINGS

N/A

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