

**NORTH CALDWELL BOARD OF EDUCATION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**North Caldwell, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**North Caldwell Board of Education**

**North Caldwell, New Jersey**

**For The Fiscal Year Ended June 30, 2019**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**



NORTH CALDWELL BOARD OF EDUCATION  
132A GOULD AVENUE  
NORTH CALDWELL, NJ 07006

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*Robert Projansky, President*  
*Mary Mokris, Vice President*  
*Mindy Opper*  
*Jordan Shumofsky*  
*Matthew Atlas*

*Telephone (973) 712-4400*  
*Fax (973) 226-0359*

November 14, 2019

Honorable President and  
Members of the Board of Education  
North Caldwell School District  
County of Essex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the North Caldwell School District (District) for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the 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 New Jersey OMB Circular 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.



**1. REPORTING ENTITY AND ITS SERVICES:** North Caldwell School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The North Caldwell Board of Education and all its schools constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, as well as special education for handicapped youngsters. The District completed the fiscal year with an average daily enrollment of 685 students. The following details the changes in the students’ average daily enrollment of the District over the last ten years.

| <u>Fiscal Year</u> | <u>Average Daily Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------------|-----------------------|
| 2018-19            | 671                             | -0.59%                |
| 2017-18            | 675                             | -1.46%                |
| 2016-17            | 685                             | 0.00%                 |
| 2015-16            | 685                             | 3.32%                 |
| 2014-15            | 663                             | -0.01%                |
| 2013-14            | 673                             | -0.02%                |
| 2012-13            | 686                             | 0.88%                 |
| 2011-12            | 676                             | 0.81%                 |
| 2010-11            | 670                             | 4.69%                 |
| 2009-10            | 640                             | 4.06%                 |

**2. DISTRICT SUMMARY:** North Caldwell is a small community situated in northwest Essex County. The district is compact and strictly residential.

District goals encompass learning opportunities that help each student grow and develop intellectually, emotionally, physically, and socially. Both Grandview and Gould/Mountain schools emphasize curriculums that are aligned with NJSLs and ensure all students receive a thorough and efficient education. Individual student needs are addressed via differentiated instruction. The needs of classified students are met via co-taught inclusion classrooms and resource centers in Grandview and Gould/Mountain for special needs students, as well as a full-day pre-school disabled class and two half-day integrated preschool disabilities classes at Grandview School. Heterogeneous groupings, augmented by flexible grouping, are used for instruction. The schools have upgraded computer technology components for all students. Gould’s Chromebook ratio is 1:1.

Grandview library media center houses a minimum of twenty (20) computers. Additionally, there is a computer lab with a minimum of twenty (20) computers located

in the Mountain building. All school computers have Internet accessibility. Smart Boards are installed in all preschool to sixth grade classrooms and resource centers.

The district has been able to attract excellent teaching staff over the years. Eighty percent of the teachers are tenured. More than half are on the MA+ level. Enrollment for the 2019-2020 school year is approximately 688 students. Homerooms average nineteen (19) students.

Each member of the five-person school board is elected to three-year terms and represents a cross-section of the community.

North Caldwell students continue on to West Essex Regional Junior and Senior High Schools for grades 7-12. West Essex is a four-district regional school which includes Essex Fells, Roseland, and Fairfield, as well as North Caldwell.

**3. STUDENT ACHIEVEMENT HIGHLIGHTS:** Students in the North Caldwell Schools continue to demonstrate significant academic progress in all disciplines. A standards based structured literacy program begins in Kindergarten, providing students with a variety of reading experiences. A standards based mathematics program (Every Day Math) is used in Grades K-5 and Connected Math is used in Grade 6. Curriculum in all subject areas are aligned to the New Jersey student learning standards.

At the third grade level, 86.6% of the students met or exceeded expectations in the area of Language Arts Literacy as measured by NJSLA. In the area of Mathematics, 83.5% of the third grade students met or exceeded expectations on NJSLA.

At the fourth grade level, 93% of the students met or exceeded expectations in the area of Language Arts Literacy, 79.1% of the students met or exceeded expectations in the area of mathematics on NJSLA. At the fifth grade level 90.8% of the students met or exceeded expectations in the area of Language Arts Literacy and 84.7% of the students met or exceeded expectations in the area of mathematics on NJSLA. At the sixth grade level, 91.2% of the students met or exceeded expectations in the area of Language Arts Literacy and 79.1% of the students met or exceeded expectations in the area of mathematics on NJSLA.

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

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

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

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

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

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

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

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

8. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds, cyber liability insurance and student accident.

9. **OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins LLP, CPA's was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the related New Jersey OMB Circular 15-08. The auditor's report on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information 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.

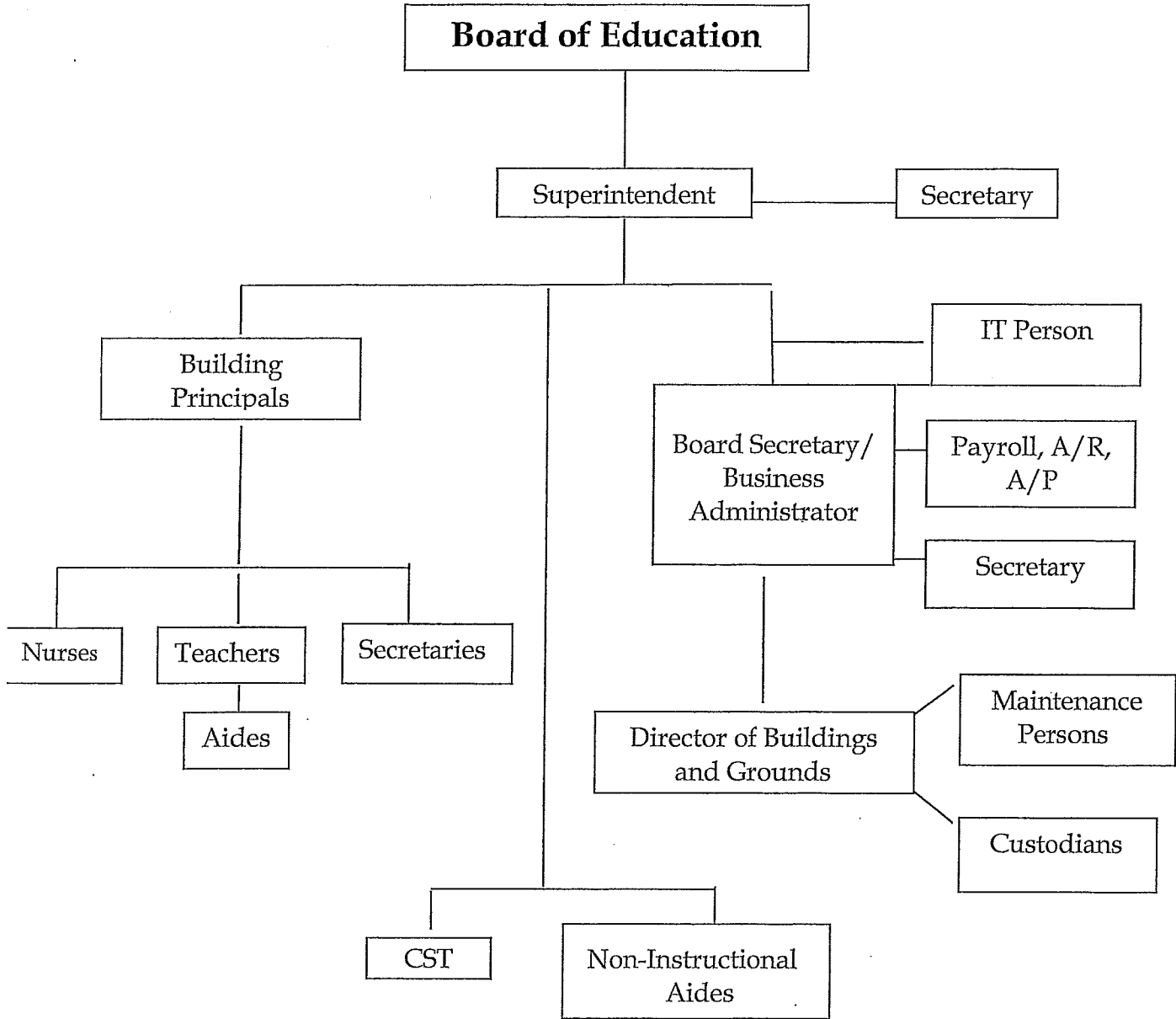
10. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the North Caldwell School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Michael W. Halik  
Business Administrator/Board Secretary

**NORTH CALDWELL BOARD OF EDUCATION**  
**ORGANIZATION CHART**  
 (Unit Control)



Revised: June, 2008



**NORTH CALDWELL BOARD OF EDUCATION  
NORTH CALDWELL, NEW JERSEY**

**ROSTER OF OFFICIALS  
June 30, 2019**

| <b><u>Members of the Board of Education</u></b>         | <b><u>Term Expires</u></b> |
|---|----------------------------|
| Robert Projansky, President                             | 2019                       |
| Mary Mokris, Vice President                             | 2020                       |
| Melinda (Mindy) Opper                                   | 2021                       |
| Jordan Shumofsky  | 2020                       |
| Matthew (Matt) Atlas                                    | 2021                       |
| <b><u>Other Officials</u></b>                           |                            |
| Linda Freda, Superintendent of Schools                  |                            |
| Michael Halik, Business Administrator / Board Secretary |                            |
| Steven Lella, Treasurer of School Monies                |                            |

**NORTH CALDWELL BOARD OF EDUCATION  
Consultants and Advisors**

**Architect**

DiCara Rubino Architects  
30 Galesi Drive  
Wayne, NJ 07470

**Audit Firm**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208  
Fair Lawn, NJ 07410

**Attorneys**

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC  
238 Paul Street  
Westfield, NJ 07090

McManimon, Scotland & Baumann LLC  
One Riverfront Plaza, Fourth Floor  
Newark, NJ 07102-5408

**Official Depository**

Valley National Bank  
15 Roseland Avenue  
Caldwell, NJ 07006

**Disclosure Agent**

Phoenix Advisors, LLC  
4 West Park Street  
Bordentown, NJ 08505

**FINANCIAL SECTION**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
North Caldwell Board of Education  
North Caldwell, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Caldwell Board of Education, as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, each major fund, and the aggregate remaining fund information of the North Caldwell Board of Education as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information 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 North Caldwell Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB 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 of the North Caldwell Board of Education.

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

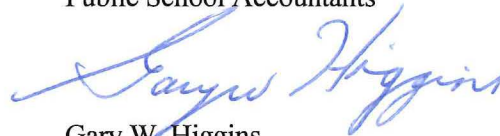
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2019 on our consideration of the North Caldwell 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 effectiveness of the North Caldwell Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the North Caldwell Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 14, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**NORTH CALDWELL BOARD OF EDUCATION  
NORTH CALDWELL, NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2019

This discussion and analysis of the North Caldwell School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2019. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

**Financial Highlights**

Key financial highlights for 2019 is as follows:

- General revenues accounted for \$13,591,790 or 76 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,321,498 or 24 percent of total revenues of \$17,913,288.
- The School District had \$16,661,906 in expenses; only \$4,321,498 of these expenses are offset by charges for services and operating grants and contributions. General revenues (primarily taxes) of \$13,591,790 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$15,582,525 in revenues and \$14,223,822 in expenditures. The General Fund's fund balance increased by \$1,358,703 from the fiscal year ended June 30, 2018.

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

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

## **Using this Comprehensive Annual Financial Report (CAFR) (Continued)**

The Statement of Net Position and Statement of Activities provides information about the activities of the entire District, presenting both an aggregate view of the 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 show how services were financed in the short-term as well as what remains for future spending. The General Fund is by far the most significant fund.

### **Reporting the School District as a Whole**

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

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year ended June 30, 2019?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. 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 its net position. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the 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 District has one distinct kind of activity:

- Governmental activities – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

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

#### **Fund Financial Statements**

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

## Governmental Funds

The District's activities are reported in governmental funds. 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 District's general government operations and the basic services it provides. Governmental fund information helps the reader 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 District as a Whole

The Statement of Net Position provides one perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2019 and 2018.

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

|   | Governmental-        |                      |
|---|----------------------|----------------------|
|   | Type<br>Activities   |                      |
|   | <u>2019</u>          | <u>2018</u>          |
| Assets  |                      |                      |
| Current and Other Assets                        | \$ 7,507,699         | \$ 6,080,838         |
| Capital Assets, net of accumulated depreciation | <u>10,895,902</u>    | <u>11,295,170</u>    |
| Total Assets                                    | <u>18,403,601</u>    | <u>17,376,008</u>    |
| Deferred Outflows of Resources                  |                      |                      |
| Deferred Amounts on Refunding of Debt           | 40,747               | 59,536               |
| Deferred Amounts on Net Pension Liability       | <u>1,625,752</u>     | <u>1,120,097</u>     |
| Total Deferred Outflows of Resources            | <u>1,666,499</u>     | <u>1,179,633</u>     |
| Liabilities                                     |                      |                      |
| Long-term liabilities                           | 6,443,185            | 6,788,778            |
| Other Liabilities                               | <u>184,519</u>       | <u>124,311</u>       |
| Total Liabilities                               | <u>6,627,704</u>     | <u>6,913,089</u>     |
| Deferred Inflows of Resources                   |                      |                      |
| Deferred Amounts on Net Pension Liability       | <u>1,430,032</u>     | <u>881,570</u>       |
| Total Deferred Inflows of Resources             | <u>1,430,032</u>     | <u>881,570</u>       |
| Net Position                                    |                      |                      |
| Net Investment in Capital Assets                | 8,792,101            | 8,659,616            |
| Restricted                                      | 6,530,179            | 5,216,629            |
| Unrestricted                                    | <u>(3,309,916)</u>   | <u>(3,115,263)</u>   |
| Total Net Position                              | <u>\$ 12,012,364</u> | <u>\$ 10,760,982</u> |

The District's governmental type activities net position as of June 30, 2019 and 2018 was \$12,012,364 and \$10,760,982, respectively.

Table 2 shows changes in net position for fiscal year ended June 30, 2019 and 2018.

Table 2  
Changes in Net Position  
For the Fiscal Years Ended June 30, 2019 and 2018

|   | Governmental-<br>Type<br>Activities |                      |
|---|-------------------------------------|----------------------|
|   | <u>2019</u>                         | <u>2018</u>          |
| Revenues  |                                     |                      |
| Program Revenues:   |                                     |                      |
| Charges for Services  | \$ 151,021                          | \$ 115,820           |
| Grants and Contributions  | 4,170,477                           | 5,076,879            |
| General Revenues:   |                                     |                      |
| Property Taxes  | 13,332,286                          | 12,951,128           |
| Unrestricted State Aid  | 628                                 | 6,536                |
| Other   | 258,876                             | 113,291              |
| Total Revenues  | <u>17,913,288</u>                   | <u>18,263,654</u>    |
| Program Expenses  |                                     |                      |
| Instruction   | 10,137,663                          | 10,855,759           |
| Support Services:   |                                     |                      |
| Student and Instruction Related Services                                    | 2,054,933                           | 1,946,351            |
| General Administration, School Administration,<br>Business/Central Services | 1,856,289                           | 2,013,610            |
| Plant Operations and Maintenance  | 2,048,874                           | 2,131,828            |
| Pupil Transportation  | 471,275                             | 311,843              |
| Interest on Debt  | 92,872                              | 113,862              |
| Total Expenses  | <u>16,661,906</u>                   | <u>17,373,253</u>    |
| Change in Net Position  | 1,251,382                           | 890,401              |
| Net Position, Beginning of Year   | <u>10,760,982</u>                   | <u>9,870,581</u>     |
| Net Position, End of Year   | <u>\$ 12,012,364</u>                | <u>\$ 10,760,982</u> |

### Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes comprised 74 and 71 percent of revenues for governmental activities for the North Caldwell School District in fiscal years ended June 30, 2019 and 2018, respectively. The District's total revenues were \$17,913,288 and \$18,263,654 for the fiscal years ended June 30, 2019 and 2018, respectively. Federal, state, and local grants accounted for 23 and 28 percent of revenue for the fiscal years ended June 30, 2019 and 2018, respectively. The total cost of all programs and services was \$16,661,906 and \$17,373,253 in fiscal years ended June 30, 2019 and 2018, respectively. Instruction totaling \$10,137,663 and \$10,855,759 comprises 61 and 62 percent of District expenses for the fiscal years ended June 30, 2019 and 2018, respectively.



## Governmental Activities

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. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3  
Total Cost and Net Cost of Services

|   | <u>Total Cost<br/>of Services</u> |                          | <u>Net cost<br/>of Services</u> |                          |
|---|-----------------------------------|--------------------------|---------------------------------|--------------------------|
|   | <u>2019</u>                       | <u>2018</u>              | <u>2019</u>                     | <u>2018</u>              |
| Instruction   | \$ 10,137,663                     | \$ 10,855,759            | \$ 6,642,421                    | \$ 6,710,433             |
| Support Services:   |                                   |                          |                                 |                          |
| Student and Instruction Related Services                                    | 2,054,933                         | 1,946,351                | 1,909,675                       | 1,745,036                |
| General Administration, School Administration,<br>Business/Central Services | 1,856,289                         | 2,013,610                | 1,370,109                       | 1,404,147                |
| Plant Operations and Maintenance  | 2,048,874                         | 2,131,828                | 1,940,134                       | 1,981,042                |
| Pupil Transportation  | 471,275                           | 311,843                  | 385,197                         | 226,034                  |
| Interest on Debt  | <u>92,872</u>                     | <u>113,862</u>           | <u>92,872</u>                   | <u>113,862</u>           |
| <br>Total Expenses  | <br><u>\$ 16,661,906</u>          | <br><u>\$ 17,373,253</u> | <br><u>\$ 12,340,408</u>        | <br><u>\$ 12,180,554</u> |

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

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

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

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

## Governmental Activities (Continued)

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

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

## The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. For the fiscal years ended June 30, 2019 and 2018 total revenues amounted to \$16,462,036 and \$15,570,681 and expenditures were \$15,103,333 and \$15,308,603, respectively. Total revenues exceeded expenditures by \$1,358,703 for the year ended June 30, 2019.

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 fiscal management. The following schedule presents a summary of the governmental funds revenues for the fiscal years ended June 30, 2019 and 2018.

| <u>Revenue</u>  | <u>Amount</u>        |                      | <u>Amount<br/>of Increase<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
|-----------------|----------------------|----------------------|--|---------------------------|
|                 | <u>2019</u>          | <u>2018</u>          |  |                           |
| Local Sources   | \$ 13,742,183        | \$ 13,180,239        | \$ 561,944                                   | 4.26%                     |
| State Sources   | 2,472,917            | 2,143,359            | 329,558                                      | 15.38%                    |
| Federal Sources | 246,936              | 247,083              | (147)  | -0.06%                    |
| <b>Total</b>    | <b>\$ 16,462,036</b> | <b>\$ 15,570,681</b> | <b>\$ 891,355</b>                            | <b>5.72%</b>              |

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ended June 30, 2019 and 2018.

| <u>Expenditures</u> | <u>Amount</u>        |                      | <u>Amount<br/>of Increase<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
|---------------------|----------------------|----------------------|--|---------------------------|
|                     | <u>2019</u>          | <u>2018</u>          |  |                           |
| Instruction         | \$ 8,909,804         | \$ 8,714,037         | \$ 195,767                                   | 2.25%                     |
| Support Services    | 5,470,951            | 5,184,350            | 286,601                                      | 5.53%                     |
| Capital Outlay      | 90,003               | 751,241              | (661,238)                                    | -88.02%                   |
| Debt Service:       |                      |                      |  |                           |
| Principal           | 530,000              | 535,000              | (5,000)                                      | -0.93%                    |
| Interest            | 102,575              | 123,975              | (21,400)                                     | -17.26%                   |
| <b>Total</b>        | <b>\$ 15,103,333</b> | <b>\$ 15,308,603</b> | <b>\$ (205,270)</b>                          | <b>-1.34%</b>             |

## General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over expenditures in specific line item accounts.

## Capital Assets

As of June 30, 2019 and 2018, the District had \$10,895,902 and \$11,295,170 in land, buildings and building improvements and machinery and equipment net of depreciation, respectively. Table 4 shows capital assets at June 30, 2019 and 2018 net of depreciation.

Table 4  
Capital Assets (Net of Depreciation)

|  | Governmental<br>Activities |                      |
|--|----------------------------|----------------------|
|  | <u>2019</u>                | <u>2018</u>          |
| Land   | \$ 52,316                  | \$ 52,316            |
| Construction in Progress                     | 326,642                    | 323,518              |
| Building and Building Improvements           | 17,395,656                 | 17,395,656           |
| Machinery and Equipment                      | <u>764,636</u>             | <u>677,757</u>       |
|  | 18,539,250                 | 18,449,247           |
| Less Depreciation                            | <u>(7,643,348)</u>         | <u>(7,154,077)</u>   |
| Total Capital Assets, Net of<br>Depreciation | <u>\$ 10,895,902</u>       | <u>\$ 11,295,170</u> |

Additional information pertaining to capital assets can be found in Note 3 of the Notes to the Financial Statements.

## Debt Administration

At June 30, 2019 and 2018, the District had \$6,443,185 and \$6,788,778 of outstanding long-term liabilities. Of this amount, \$218,637 and \$190,155 is for compensated absences, \$4,080,000 and \$3,903,533 is for net pension liability and \$2,144,548 and \$2,695,090 is for bonds payable, including the unamortized premium, for school construction, respectively.

Additional information pertaining to debt administration can be found in Note 3 of the Notes to the Financial Statements.

## **For the Future**

Currently, the District is in sound financial condition. Everyone associated with the North Caldwell School District is grateful for the community support of the schools. The District's major concerns are continued enrollment growth and the ability to maintain optimum class sizes and excellent services. This, in an environment of uncertain state aid support, means an ever-increasing reliance on local property taxes.

In conclusion, the North Caldwell School District has committed itself to financial excellence for many years. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

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

If you have questions about this report or need additional information, contact the School Business Administrator at the North Caldwell Board of Education, Gould Avenue, North Caldwell, NJ 07006.

## **BASIC FINANCIAL STATEMENTS**

**NORTH CALDWELL BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2019**

|   | <b>Governmental<br/>Activities</b> | <b>Total</b>  |
|---|------------------------------------|---------------|
| <b>ASSETS</b>                                       |                                    |               |
| Cash and Cash Equivalents                           | \$ 7,480,463                       | \$ 7,480,463  |
| Receivables, net                                    |                                    |               |
| Receivables from Other Governments                  | 18,892                             | 18,892        |
| Due from Other Funds                                | 8,344                              | 8,344         |
| Capital Assets, net                                 |                                    |               |
| Not Being Depreciated                               | 378,958                            | 378,958       |
| Being Depreciated                                   | 10,516,944                         | 10,516,944    |
| Total Assets  | 18,403,601                         | 18,403,601    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                                    |               |
| Deferred Amounts on Refunding of Debt               | 40,747                             | 40,747        |
| Deferred Amounts on Net Pension Liability           | 1,625,752                          | 1,625,752     |
| Total Deferred Outflows of Resources                | 1,666,499                          | 1,666,499     |
| Total Assets and Deferred Outflows of Resources     | 20,070,100                         | 20,070,100    |
| <b>LIABILITIES</b>                                  |                                    |               |
| Accounts Payable                                    | 154,003                            | 154,003       |
| Accrued Interest Payable                            | 30,516                             | 30,516        |
| Noncurrent Liabilities                              |                                    |               |
| Due within one year                                 | 530,000                            | 530,000       |
| Due beyond one year                                 | 5,913,185                          | 5,913,185     |
| Total Liabilities                                   | 6,627,704                          | 6,627,704     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                                    |               |
| Deferred Amounts on Net Pension Liability           | 1,430,032                          | 1,430,032     |
| Total Deferred Inflows of Resources                 | 1,430,032                          | 1,430,032     |
| Total Liabilities and Deferred Inflows of Resources | 8,057,736                          | 8,057,736     |
| <b>NET POSITION</b>                                 |                                    |               |
| Net Investment in Capital Assets                    | 8,792,101                          | 8,792,101     |
| Restricted for                                      |                                    |               |
| Capital Projects                                    | 6,034,797                          | 6,034,797     |
| Debt Service  | 1                                  | 1             |
| Maintenance   | 495,381                            | 495,381       |
| Unrestricted  | (3,309,916)                        | (3,309,916)   |
| Total Net Position                                  | \$ 12,012,364                      | \$ 12,012,364 |

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

**NORTH CALDWELL BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| <u>Functions/Programs</u>                  | <u>Expenses</u>          | <u>Program Revenues</u>         |   |   | <u>Governmental<br/>Activities</u> | <u>Total</u>             |
|--|--------------------------|---------------------------------|---|---|------------------------------------|--------------------------|
|  |                          | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> |                                    |                          |
| <b>Governmental Activities</b>             |                          |                                 |   |   |                                    |                          |
| Instruction                                |                          |                                 |   |   |                                    |                          |
| Regular                                    | \$ 6,459,945             | \$ 140,951                      | \$ 1,892,431                                      |   | \$ (4,426,563)                     | \$ (4,426,563)           |
| Special Education                          | 3,677,718                |                                 | 1,461,860   |   | (2,215,858)                        | (2,215,858)              |
| Support Services                           |                          |                                 |   |   |                                    |                          |
| Student and Instruction Related Services   | 2,054,933                |                                 | 145,258   |   | (1,909,675)                        | (1,909,675)              |
| General Administration Services            | 557,667                  |                                 | 137,490   |   | (420,177)                          | (420,177)                |
| School Administration Services             | 699,317                  |                                 | 174,038   |   | (525,279)                          | (525,279)                |
| Business/Central Services                  | 599,305                  |                                 | 174,652   |   | (424,653)                          | (424,653)                |
| Plant Operations and Maintenance           | 2,048,874                | 10,070                          | 98,670  |   | (1,940,134)                        | (1,940,134)              |
| Pupil Transportation                       | 471,275                  |                                 | 86,078  |   | (385,197)                          | (385,197)                |
| Interest on Debt                           | <u>92,872</u>            | <u>-</u>                        | <u>-</u>  | <u>-</u>  | <u>(92,872)</u>                    | <u>(92,872)</u>          |
| <br>Total Governmental Activities          | <br><u>16,661,906</u>    | <br><u>151,021</u>              | <br><u>4,170,477</u>                              | <br><u>-</u>                                    | <br><u>(12,340,408)</u>            | <br><u>(12,340,408)</u>  |
| <br>Total Primary Government               | <br><u>\$ 16,661,906</u> | <br><u>\$ 151,021</u>           | <br><u>\$ 4,170,477</u>                           | <br><u>\$ -</u>                                 | <br><u>(12,340,408)</u>            | <br><u>(12,340,408)</u>  |
| <br>General Revenues                       |                          |                                 |   |   |                                    |                          |
| Taxes                                      |                          |                                 |   |   |                                    |                          |
| Property Taxes Levied for General Purposes |                          |                                 |   |   | 12,699,711                         | 12,699,711               |
| Property Taxes Levied for Debt Service     |                          |                                 |   |   | 632,575                            | 632,575                  |
| Unrestricted State Aid                     |                          |                                 |   |   | 628                                | 628                      |
| Interest Income                            |                          |                                 |   |   | 174,926                            | 174,926                  |
| Miscellaneous Income                       |                          |                                 |   |   | <u>83,950</u>                      | <u>83,950</u>            |
| <br>Total General Revenues                 |                          |                                 |   |   | <br><u>13,591,790</u>              | <br><u>13,591,790</u>    |
| <br>Change in Net Position                 |                          |                                 |   |   | <br>1,251,382                      | <br>1,251,382            |
| <br>Net Position, Beginning of Year        |                          |                                 |   |   | <br><u>10,760,982</u>              | <br><u>10,760,982</u>    |
| <br>Net Position, End of Year              |                          |                                 |   |   | <br><u>\$ 12,012,364</u>           | <br><u>\$ 12,012,364</u> |

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**FUND FINANCIAL STATEMENTS**



**NORTH CALDWELL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2019**

|   | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <b>ASSETS</b>   |                         |                                     |                                      |                                  |   |
| Cash and Cash Equivalents   | \$ 7,390,240            |                                     | \$ 90,222                            | \$ 1                             | \$ 7,480,463                            |
| Due from Other Funds  | 8,344                   |                                     |                                      |                                  | 8,344                                   |
| Receivables from Other Governments                                | 18,892                  | -                                   | -                                    | -                                | 18,892                                  |
|   | <u>7,417,476</u>        | <u>-</u>                            | <u>90,222</u>                        | <u>1</u>                         | <u>7,507,699</u>                        |
| Total Assets  | <u>\$ 7,417,476</u>     | <u>\$ -</u>                         | <u>\$ 90,222</u>                     | <u>\$ 1</u>                      | <u>\$ 7,507,699</u>                     |
| <b>LIABILITIES AND FUND BALANCES</b>                              |                         |                                     |                                      |                                  |   |
| Liabilities   |                         |                                     |                                      |                                  |   |
| Accounts Payable  | \$ 154,003              | -                                   | -                                    | -                                | \$ 154,003                              |
|   | <u>154,003</u>          | <u>-</u>                            | <u>-</u>                             | <u>-</u>                         | <u>154,003</u>                          |
| Total Liabilities   | <u>154,003</u>          | <u>-</u>                            | <u>-</u>                             | <u>-</u>                         | <u>154,003</u>                          |
| Fund Balances   |                         |                                     |                                      |                                  |   |
| Restricted Fund Balance:  |                         |                                     |                                      |                                  |   |
| Capital Reserve   | 5,944,575               |                                     |                                      |                                  | 5,944,575                               |
| Emergency Reserve   | 250,000                 |                                     |                                      |                                  | 250,000                                 |
| Maintenance Reserve   | 495,381                 |                                     |                                      |                                  | 495,381                                 |
| Excess Surplus - Designated for<br>Subsequent Year's Expenditures | 75,000                  |                                     |                                      |                                  | 75,000                                  |
| Excess Surplus  | 75,000                  |                                     |                                      |                                  | 75,000                                  |
| Capital Projects  |                         |                                     | \$ 90,222                            |                                  | 90,222                                  |
| Debt Service  |                         |                                     |                                      | \$ 1                             | 1                                       |
| Committed Fund Balance:   |                         |                                     |                                      |                                  |   |
| Year End Encumbrances   | 56,887                  |                                     |                                      |                                  | 56,887                                  |
| Assigned Fund Balance:  |                         |                                     |                                      |                                  |   |
| Designated for Subsequent Year's Expenditures                     | 239,248                 |                                     |                                      |                                  | 239,248                                 |
| Year End Encumbrances   | 14,176                  |                                     |                                      |                                  | 14,176                                  |
| Unassigned Fund Balance   |                         |                                     |                                      |                                  |   |
| General Fund  | 113,206                 | -                                   | -                                    | -                                | 113,206                                 |
|   | <u>7,263,473</u>        | <u>-</u>                            | <u>90,222</u>                        | <u>1</u>                         | <u>7,353,696</u>                        |
| Total Fund Balances   | <u>7,263,473</u>        | <u>-</u>                            | <u>90,222</u>                        | <u>1</u>                         | <u>7,353,696</u>                        |
| Total Liabilities and Fund Balances                               | <u>\$ 7,417,476</u>     | <u>\$ -</u>                         | <u>\$ 90,222</u>                     | <u>\$ 1</u>                      | <u>\$ 7,507,699</u>                     |

**NORTH CALDWELL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2019**

**Total Fund Balances Governmental Funds (Exhibit B-1)** \$ 7,353,696

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 \$18,539,250 and the accumulated depreciation is \$7,643,348.

10,895,902

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.

40,747

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources  
Deferred Inflows of Resources

\$ 1,625,752  
(1,430,032)

195,720

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:

(30,516)

Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds Payable (Including Unamortized Premium)  
Compensated Absences Payable  
Net Pension Liability

(2,144,548)  
(218,637)  
(4,080,000)

(6,443,185)

Net position of governmental activities (Exhibit A-1)

\$ 12,012,364

**NORTH CALDWELL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <b>REVENUES</b>  |                         |                                     |                                      |                                  |   |
| Local Sources  |                         |                                     |                                      |                                  |   |
| Property Taxes   | \$ 12,699,711           |                                     |                                      | \$ 632,575                       | \$ 13,332,286                           |
| Tuition  | 140,951                 |                                     |                                      |                                  | 140,951                                 |
| Rent and Royalties   | 10,070                  |                                     |                                      |                                  | 10,070                                  |
| Interest Income  | 174,926                 |                                     |                                      |                                  | 174,926                                 |
| Miscellaneous  | 83,950                  | -                                   | -                                    | -                                | 83,950                                  |
| Total - Local Sources  | <u>13,109,608</u>       | <u>-</u>                            | <u>-</u>                             | <u>632,575</u>                   | <u>13,742,183</u>                       |
| State Sources  | 2,472,917               |                                     |                                      |                                  | 2,472,917                               |
| Federal Sources  | -                       | \$ 246,936                          | -                                    | -                                | 246,936                                 |
| Total Revenues   | <u>15,582,525</u>       | <u>246,936</u>                      | <u>-</u>                             | <u>632,575</u>                   | <u>16,462,036</u>                       |
| <b>EXPENDITURES</b>  |                         |                                     |                                      |                                  |   |
| Current  |                         |                                     |                                      |                                  |   |
| Regular Instruction  | 5,569,373               | 77,045                              |                                      |                                  | 5,646,418                               |
| Special Education Instruction                                | 3,168,812               | 94,574                              |                                      |                                  | 3,263,386                               |
| Support Services   |                         |                                     |                                      |                                  |   |
| Student and Instruction Related Services                     | 1,819,227               | 75,317                              |                                      |                                  | 1,894,544                               |
| General Administration Services                              | 499,438                 |                                     |                                      |                                  | 499,438                                 |
| School Administration Services                               | 608,607                 |                                     |                                      |                                  | 608,607                                 |
| Business/Central Services                                    | 520,563                 |                                     |                                      |                                  | 520,563                                 |
| Plant Operations and Maintenance                             | 1,479,350               |                                     |                                      |                                  | 1,479,350                               |
| Pupil Transportation   | 468,449                 |                                     |                                      |                                  | 468,449                                 |
| Debt Service   |                         |                                     |                                      |                                  |   |
| Principal  |                         |                                     |                                      | 530,000                          | 530,000                                 |
| Interest   |                         |                                     |                                      | 102,575                          | 102,575                                 |
| Capital Outlay   | 90,003                  | -                                   | -                                    | -                                | 90,003                                  |
| Total Expenditures   | <u>14,223,822</u>       | <u>246,936</u>                      | <u>-</u>                             | <u>632,575</u>                   | <u>15,103,333</u>                       |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>1,358,703</u>        | <u>-</u>                            | <u>-</u>                             | <u>-</u>                         | <u>1,358,703</u>                        |
| Fund Balance, Beginning of Year                              | <u>5,904,770</u>        | <u>-</u>                            | <u>\$ 90,222</u>                     | <u>1</u>                         | <u>5,994,993</u>                        |
| Fund Balance, End of Year                                    | <u>\$ 7,263,473</u>     | <u>\$ -</u>                         | <u>\$ 90,222</u>                     | <u>\$ 1</u>                      | <u>\$ 7,353,696</u>                     |

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NORTH CALDWELL BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,358,703

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period.

|                      |                  |           |
|----------------------|------------------|-----------|
| Capital Outlay       | \$ 90,003        |           |
| Depreciation Expense | <u>(489,271)</u> | (399,268) |

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

|                                  |                  |           |
|----------------------------------|------------------|-----------|
| Increase in Compensated Absences | (28,482)         |           |
| Increase in Pension Expense      | <u>(219,274)</u> | (247,756) |

The Issuance of Long Term Debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

|                             |  |         |
|-----------------------------|--|---------|
| Repayment of Bond Principal |  | 530,000 |
|-----------------------------|--|---------|

Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

|  |               |       |
|--|---------------|-------|
| Amortization of Deferred Charge on Refunding of Debt | (18,789)      |       |
| Amortization of Premium                              | <u>20,542</u> | 1,753 |

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

|                              |  |              |
|------------------------------|--|--------------|
| Decrease in accrued interest |  | <u>7,950</u> |
|------------------------------|--|--------------|

|   |  |                     |
|---|--|---------------------|
| Change in net position of governmental activities (Exhibit A-2) |  | <u>\$ 1,251,382</u> |
|---|--|---------------------|

**EXHIBIT B-4**

**NORTH CALDWELL BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2019**

**NOT APPLICABLE**

**EXHIBIT B-5**

**NORTH CALDWELL BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**EXHIBIT B-6**

**NORTH CALDWELL BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**NORTH CALDWELL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2019**

|                                       | <b>Unemployment<br/>Compensation<br/><u>Trust Fund</u></b> | <b><u>Agency Fund</u></b> |
|---------------------------------------|--|---------------------------|
| <b>ASSETS</b>                         |  |                           |
| Cash and Cash Equivalents             | \$ 553,405   | \$ 27,362                 |
| Receivables from Other Governments    |  | 7,409                     |
| Other Accounts Receivable             | <u>-</u>   | <u>5,343</u>              |
| Total Assets                          | <u>553,405</u>   | <u>\$ 40,114</u>          |
| <b>LIABILITIES</b>                    |  |                           |
| Payroll Deductions and Withholdings   |  | \$ 11,378                 |
| Accrued Salaries and Wages            |  | 6,635                     |
| Due to Other Funds                    |  | 8,344                     |
| Due to Student Groups                 |  | 13,757                    |
| Accounts Payable                      | <u>2,882</u>   | <u>-</u>                  |
| Total Liabilities                     | <u>2,882</u>   | <u>\$ 40,114</u>          |
| <b>NET POSITION</b>                   |  |                           |
| Held in Trust for Unemployment Claims | <u>\$ 550,523</u>  |                           |

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NORTH CALDWELL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|                                       | <b>Unemployment<br/>Compensation<br/><u>Trust Fund</u></b> |
|---------------------------------------|--|
| <b>ADDITIONS</b>                      |  |
| Contributions                         |  |
| Board                                 | \$ 50,000  |
| Employees                             | 20,657   |
| Interest Income                       | 10,369   |
| Total Additions                       | 81,026   |
| <b>DEDUCTIONS</b>                     |  |
| Unemployment Claims and Contributions | 8,416  |
| Total Deductions                      | 8,416  |
| Change in Net Position                | 72,610   |
| Net Position, Beginning of Year       | 477,913  |
| Net Position, End of Year             | \$ 550,523   |

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NOTES TO THE FINANCIAL STATEMENTS**



**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The North Caldwell Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the North Caldwell Board of Education this includes general operations, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2019, the District adopted the following GASB statement as required:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed.

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**C. Basis of Presentation - Financial Statements**

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as governmental activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds. Fiduciary funds are excluded from the district-wide financial statements.

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues. In the statement of net position, the governmental activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements**

Separate fund financial statements are provided for government and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental funds, each reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for state unemployment insurance claims. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

**Reclassifications**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**3. Inventories**

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>                       | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and Building Improvements | 10-40        |
| Machinery and Equipment             | 5-10         |

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item, which arise only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**6. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**7. *Pensions***

In the district-wide financial statements, 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. 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.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

**8. *Long-Term Obligations***

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported including the unamortized bond premium.

**9. *Net Position/Fund Balance***

**District-Wide Statements**

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***9. Net Position/Fund Balance (Continued)***

**Governmental Fund Statements**

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B ).

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 2D).

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2C).

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that was appropriated in the 2019/2020 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 original budget certified for taxes.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***9. Net Position/Fund Balance (Continued)***

**Governmental Fund Statements (Continued)**

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

*Year-End Encumbrances* – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Unassigned Fund Balance** – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

***10. Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.



**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**2. *Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *Tuition Revenues and Expenditures***

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 31, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original General Fund budget by \$162,343 and the original Special Revenue Fund budget by \$36,916. The increase was funded by additional state aid appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**B. Capital Reserve**

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

Funds placed in the capital reserve 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. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

|                                      |                     |
|--------------------------------------|---------------------|
| Balance July 1, 2018                 | \$ 4,631,025        |
| Increased by:                        |                     |
| Deposit Approved by Board Resolution | <u>1,313,550</u>    |
| Balance, June 30, 2019               | <u>\$ 5,944,575</u> |

**C. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2019 is as follows:

|                        |                   |
|------------------------|-------------------|
| Balance July 1, 2018   | <u>\$ 495,381</u> |
| Balance, June 30, 2019 | <u>\$ 495,381</u> |

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$495,381.

**D. Emergency Reserve**

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**D. Emergency Reserve (Continued)**

The activity of the emergency reserve for the fiscal year ended June 30, 2019 is as follows:

|                        |                   |
|------------------------|-------------------|
| Balance July 1, 2018   | <u>\$ 250,000</u> |
| Balance, June 30, 2019 | <u>\$ 250,000</u> |

**E. Transfers to Capital Outlay**

During the 2018/2019 school year, the district transferred \$103,671 to the equipment capital outlay accounts.

**F. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2019 is \$150,000. Of this amount, \$75,000 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$75,000 will be appropriated in the 2020/2021 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2019, the book value of the Board's deposits were \$8,061,230 and bank and brokerage firm balances of the Board's deposits amounted to \$8,353,820. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

| <u>Depository Account</u> | <u>Bank<br/>Balance</u> |
|---------------------------|-------------------------|
| Insured                   | <u>\$ 8,353,820</u>     |

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2019 none of the Board’s bank balances were exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2019, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2019 for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|                                       | <u>General<br/>Fund</u> | <u>Agency<br/>Fund</u> | <u>Total</u>     |
|---------------------------------------|-------------------------|------------------------|------------------|
| Receivables:                          |                         |                        |                  |
| Accounts                              |                         | \$ 5,343               | \$ 5,343         |
| Intergovernmental-<br>State           | \$ 18,892               | 7,409                  | 26,301           |
|                                       | <u>18,892</u>           | <u>12,752</u>          | <u>31,644</u>    |
| Gross Receivables                     | 18,892                  | 12,752                 | 31,644           |
| Less: Allowance for<br>Uncollectibles | <u>-</u>                | <u>-</u>               | <u>-</u>         |
| Net Total Receivables                 | <u>\$ 18,892</u>        | <u>\$ 12,752</u>       | <u>\$ 31,644</u> |

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

|  | <u>Balance,<br/>July 1, 2018</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Transfers</u> | <u>Balance,<br/>June 30, 2019</u> |
|--|----------------------------------|---------------------|------------------|------------------|-----------------------------------|
| <b>Governmental activities:</b>              |                                  |                     |                  |                  |                                   |
| Capital assets, not being depreciated:       |                                  |                     |                  |                  |                                   |
| Land   | \$ 52,316                        |                     |                  |                  | \$ 52,316                         |
| Construction in progress                     | 323,518                          | \$ 3,124            | -                | -                | 326,642                           |
| Total capital assets, not being depreciated  | <u>375,834</u>                   | <u>3,124</u>        | <u>-</u>         | <u>-</u>         | <u>378,958</u>                    |
| Capital assets, being depreciated:           |                                  |                     |                  |                  |                                   |
| Buildings and Building Improvements          | 17,395,656                       |                     |                  |                  | 17,395,656                        |
| Machinery and equipment                      | <u>677,757</u>                   | <u>86,879</u>       | <u>-</u>         | <u>-</u>         | <u>764,636</u>                    |
| Total capital assets being depreciated       | <u>18,073,413</u>                | <u>86,879</u>       | <u>-</u>         | <u>-</u>         | <u>18,160,292</u>                 |
| Less accumulated depreciation for:           |                                  |                     |                  |                  |                                   |
| Buildings and Building Improvements          | (6,535,153)                      | (447,165)           |                  |                  | (6,982,318)                       |
| Machinery and equipment                      | <u>(618,924)</u>                 | <u>(42,106)</u>     | <u>-</u>         | <u>-</u>         | <u>(661,030)</u>                  |
| Total accumulated depreciation               | <u>(7,154,077)</u>               | <u>(489,271)</u>    | <u>-</u>         | <u>-</u>         | <u>(7,643,348)</u>                |
| Total capital assets, being depreciated, net | <u>10,919,336</u>                | <u>(402,392)</u>    | <u>-</u>         | <u>-</u>         | <u>10,516,944</u>                 |
| Government activities capital assets, net    | <u>\$ 11,295,170</u>             | <u>\$ (399,268)</u> | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 10,895,902</u>              |

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the District as follows:

**Governmental activities:**

|  |  |                   |
|--|--|-------------------|
| Instruction  |  |                   |
| Regular  |  | \$ 23,707         |
| Total Instruction                                  |  | <u>23,707</u>     |
| Support Services                                   |  |                   |
| Student and instruction Related Services           |  | 2,520             |
| Operations and Maintenance of Plant                |  | <u>463,044</u>    |
| Total Support Services                             |  | <u>465,564</u>    |
| Total Depreciation Expense-Governmental Activities |  | <u>\$ 489,271</u> |

**Construction and Other Significant Commitments**

The District has the following active construction project as of June 30, 2019:

| <u>Project</u>                                    | <u>Spent to Date</u> | <u>Remaining<br/>Commitment</u> |
|---|----------------------|---------------------------------|
| Windows and Doors Replacement at the Gould School | \$ 323,518           | <u>\$ 52,716</u>                |

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2019, is as follows:

**Due To/From Other Funds**

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u>   |
|------------------------|---------------------|-----------------|
| General Fund           | Agency Fund         | <u>\$ 8,344</u> |

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund.

The District expects all interfund balances to be liquidated within one year except.

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Leases**

**Operating Leases**

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2019 were \$14,245. The future minimum lease payments for these operating leases are as follows:

| Fiscal Year<br>Ending<br><u>June 30,</u> | <u>Amount</u>    |
|--|------------------|
| 2020                                     | \$ 15,540        |
| 2021                                     | 15,540           |
| 2022                                     | 15,540           |
| 2023                                     | 15,540           |
| 2024                                     | <u>1,295</u>     |
| Total                                    | <u>\$ 63,455</u> |

**F. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets and other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2019 is comprised of the following issue:

\$6,775,000, 2011 Refunding Bonds, due in annual installments of \$515,000 to \$530,000 through February 15, 2023, interest at 3.00% to 5.00% \$2,100,000

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

| Fiscal<br>Year Ending<br><u>June 30,</u> | <u>Serial Bonds</u> |                   | <u>Total</u>        |
|--|---------------------|-------------------|---------------------|
|  | <u>Principal</u>    | <u>Interest</u>   |                     |
| 2020                                     | \$ 530,000          | \$ 81,375         | \$ 611,375          |
| 2021                                     | 530,000             | 54,875            | 584,875             |
| 2022                                     | 525,000             | 38,975            | 563,975             |
| 2023                                     | <u>515,000</u>      | <u>20,600</u>     | <u>535,600</u>      |
|  | <u>\$ 2,100,000</u> | <u>\$ 195,825</u> | <u>\$ 2,295,825</u> |



**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

|  |                      |
|--|----------------------|
| 2.5 % of Equalized Valuation Basis (Municipal) | \$ 44,647,548        |
| Less: Net Debt                                 | <u>2,100,000</u>     |
| Remaining Borrowing Power                      | <u>\$ 42,547,548</u> |

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

|  | <u>Balance</u><br><u>July 1, 2018</u> | <u>Additions</u>  | <u>Reductions</u> | <u>Balance</u><br><u>June 30, 2019</u> | <u>Due</u><br><u>Within</u><br><u>One Year</u> |
|--|---------------------------------------|-------------------|-------------------|--|--|
| <b>Governmental activities:</b>                |                                       |                   |                   |  |  |
| Bonds payable                                  | \$ 2,630,000                          |                   | \$ 530,000        | \$ 2,100,000                           | \$ 530,000                                     |
| Add: Unamortized Premium                       | <u>65,090</u>                         | <u>-</u>          | <u>20,542</u>     | <u>44,548</u>                          | <u>-</u>                                       |
|  | 2,695,090                             | -                 | 550,542           | 2,144,548                              | 530,000  |
| Compensated Absences                           | 190,155                               | \$ 28,482         |                   | 218,637                                |  |
| Net Pension Liability                          | <u>3,903,533</u>                      | <u>382,581</u>    | <u>206,114</u>    | <u>4,080,000</u>                       | <u>-</u>                                       |
| Governmental Activity<br>Long-Term Liabilities | <u>\$ 6,788,778</u>                   | <u>\$ 411,063</u> | <u>\$ 756,656</u> | <u>\$ 6,443,185</u>                    | <u>\$ 530,000</u>                              |

For the governmental activities, the liabilities for compensated absences and net pension liability are generally liquidated by the general fund.

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the New Jersey Schools Insurance Group (NJSIG or “Group”) and Morris Essex Insurance Group (MEIG or the “Group”). The Groups are risk sharing public entity pools, established for the purpose of insuring against various risks.

The relationship between the Board and the insurance groups is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the groups, to report claims on a timely basis, cooperate with the management of the groups, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the groups. Members have a contractual obligation to fund any deficit of the groups attributable to a membership year during which they were a member.

NJSIG and MEIG provide its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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

| <u>Fiscal<br/>Year Ended<br/>June 30,</u> | <u>District<br/>Contributions</u> | <u>Employee<br/>Contributions</u> | <u>Amount<br/>Reimbursed</u> | <u>Ending<br/>Balance</u> |
|---|-----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2019                                      | \$ 50,000                         | \$ 20,657                         | \$ 8,416                     | \$ 550,523                |
| 2018                                      | 70,000                            | 20,976                            | 9,416                        | 477,913                   |
| 2017                                      | 70,000                            | 20,652                            | 14,372                       | 391,226                   |

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2019, the District had no estimated arbitrage earnings due to the IRS or the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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.

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

The following represents the membership tiers for PERS:

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

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

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

The following represent the membership tiers for TPAF:

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

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

**Actuarial Methods and Assumptions**

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2019.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal<br>Year Ended<br><u>June 30,</u> | <u>PERS</u> | On-behalf<br><u>TPAF</u> | <u>DCRP</u> |
|---|-------------|--------------------------|-------------|
| 2019                                    | \$ 206,114  | \$ 945,062               | \$ 591      |
| 2018                                    | 155,346     | 727,253                  | 786         |
| 2017                                    | 146,771     | 544,216                  | 1,435       |

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions (Continued)**

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$1,464, \$2,158 and \$814, respectively for PERS and the State contributed \$813, \$904 and 1,206, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$367,215 during the fiscal year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$4,080,000 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District's proportionate share was .02072 percent, which was an increase of .00396 percent from its proportionate share measured as of June 30, 2017 of .01676 percent.



**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$425,388 for PERS. The pension contribution made by the District during the current 2018/2019 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

|   | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|---|---|--|
| Difference Between Expected and Actual Experience   | \$ 77,806                                     | \$ 21,038                                    |
| Changes of Assumptions  | 672,316                                       | 1,304,567                                    |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments                              |   | 38,271                                       |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | <u>875,630</u>                                | <u>66,156</u>                                |
| Total   | <u>\$ 1,625,752</u>                           | <u>\$ 1,430,032</u>                          |

At June 30, 2019, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

| Year<br>Ending<br><u>June 30,</u> | <u>Total</u>      |
|-----------------------------------|-------------------|
| 2020                              | \$ 193,343        |
| 2021                              | 132,568           |
| 2022                              | (93,815)          |
| 2023                              | (57,985)          |
| 2024                              | 21,609            |
| Thereafter                        | <u>-</u>          |
|                                   | <u>\$ 195,720</u> |

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

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

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

|                           | <u>PERS</u>                 |
|---------------------------|-----------------------------|
| Inflation Rate            | 2.25%                       |
| Salary Increases:         |                             |
| Through 2026              | 1.65-4.15%<br>Based on Age  |
| Thereafter                | 2.65%-5.15%<br>Based on Age |
| Investment Rate of Return | 7.00%                       |
| Mortality Rate Table      | RP-2000                     |

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2018 are summarized in the following table:

| <u>Asset Class</u>              | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|--------------------------|---|
| Risk Mitigation Strategies      | 5.00%                    | 5.51%   |
| Cash Equivalents                | 5.50%                    | 1.00%   |
| U.S. Treasuries                 | 3.00%                    | 1.87%   |
| Investment Grade Credit         | 10.00%                   | 3.78%   |
| US Equity                       | 30.00%                   | 8.19%   |
| Non-US Developed Markets Equity | 11.50%                   | 9.00%   |
| Emerging Markets Equity         | 6.50%                    | 11.64%  |
| High Yield                      | 2.50%                    | 6.82%   |
| Global Diversified Credit       | 5.00%                    | 7.10%   |
| Credit Oriented Hedge Funds     | 1.00%                    | 6.60%   |
| Debt Related Private Equity     | 2.00%                    | 10.63%  |
| Debt Related Real Estate        | 1.00%                    | 6.61%   |
| Private Real Asset              | 2.50%                    | 11.83%  |
| Equity Related Real Estate      | 6.25%                    | 9.23%   |
| Buyouts/Venture Capital         | 8.25%                    | 13.08%  |

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|--------------------|-------------------------|----------------------|
| 2019               | June 30, 2018           | 5.66%                |
| 2018               | June 30, 2017           | 5.00%                |

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

|                                   |                                     |
|-----------------------------------|-------------------------------------|
| Period of Projected Benefit       |                                     |
| Payments for which the Following  |                                     |
| Rates were Applied:               |                                     |
| Long-Term Expected Rate of Return | Through June 30, 2046               |
| Municipal Bond Rate *             | From July 1, 2046<br>and Thereafter |

\* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.66%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

|   | <b>1%<br/>Decrease<br/><u>(4.66%)</u></b> | <b>Current<br/>Discount Rate<br/><u>(5.66%)</u></b> | <b>1%<br/>Increase<br/><u>(6.66%)</u></b> |
|---|---|---|---|
| District's Proportionate Share of<br>the PERS Net Pension Liability | <u>\$ 5,130,130</u>                       | <u>\$ 4,080,000</u>                                 | <u>\$ 3,199,008</u>                       |

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2018. A sensitivity analysis specific to the District's net pension liability at June 30, 2018 was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employer and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2018, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,788,112 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$30,672,722. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .04821 percent, which was a decrease of .00017 percent from its proportionate share measured as of June 30, 2017 of .04838 percent.

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

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

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

|                           | <b><u>TPAF</u></b> |
|---------------------------|--------------------|
| Inflation Rate            | 2.25%              |
| Salary Increases:         |                    |
| 2011-2026                 | 1.55-4.55%         |
| Thereafter                | 2.00-5.45%         |
| Investment Rate of Return | 7.00%              |
| Mortality Rate Table      | RP-2006            |

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2018 are summarized in the following table:

| <u>Asset Class</u>                | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Risk Mitigation Strategies        | 5.00%                    | 5.51%   |
| Cash Equivalents                  | 5.50%                    | 1.00%   |
| U.S. Treasuries                   | 3.00%                    | 1.87%   |
| Investment Grade Credit           | 10.00%                   | 3.78%   |
| High Yield                        | 2.50%                    | 6.82%   |
| Global Diversified Credit         | 5.00%                    | 7.10%   |
| Credit Oriented Hedge Funds       | 1.00%                    | 6.60%   |
| Debt Related Private Equity       | 2.00%                    | 10.63%  |
| Debt Related Real Estate          | 1.00%                    | 6.61%   |
| Private Real Estate               | 2.50%                    | 11.83%  |
| Equity Related Real Estate        | 6.25%                    | 9.23%   |
| U.S. Equity                       | 30.00%                   | 8.19%   |
| Non-U.S. Developed Markets Equity | 11.50%                   | 9.00%   |
| Emerging Markets Equity           | 6.50%                    | 11.64%  |
| Buyouts/Venture Capital           | 8.25%                    | 13.08%  |

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

| <b>Fiscal Year</b> | <b>Measurement Date</b> | <b>Discount Rate</b> |
|--------------------|-------------------------|----------------------|
| 2019               | June 30, 2018           | 4.86%                |
| 2018               | June 30, 2017           | 4.25%                |

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

**Period of Projected Benefit**

Payments for which the Following Rates were Applied:

|                                   |                                  |
|-----------------------------------|----------------------------------|
| Long-Term Expected Rate of Return | Through June 30, 2040            |
| Municipal Bond Rate *             | From July 1, 2040 and Thereafter |

\* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.86%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

|  | <b>1% Decrease<br/>(3.86%)</b> | <b>Current Discount Rate<br/>(4.86%)</b> | <b>1% Increase<br/>(5.86%)</b> |
|--|--------------------------------|--|--------------------------------|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District | <u>\$ 36,254,575</u>           | <u>\$ 30,672,722</u>                     | <u>\$ 26,045,502</u>           |

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.



**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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.

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

|   |                    |
|---|--------------------|
| Active Plan Members   | 217,131            |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 145,050            |
| Inactive Plan Members Entitled to but not yet Receiving Benefits    | <u>          -</u> |
| Total   | <u>362,181</u>     |

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**Actuarial Methods and Assumptions**

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$428,679, \$409,717 and \$453,455, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2017 through June 30, 2018. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,036,881. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State’s proportionate share of the OPEB liability attributable to the District is \$19,737,394. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state’s share of the OPEB liability attributable to the District was .04280 percent, which was a decrease of .00051 percent from its proportionate share measured as of June 30, 2017 of .04331 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

|                                     |   |
|-------------------------------------|---|
| Inflation Rate                      | 2.50%   |
| Salary Increases *                  |   |
| Initial Fiscal Year Applied Through | 2026  |
| Rate                                | 1.55% to 4.55%  |
| Rate Thereafter                     | 2.00% to 5.45%  |
| Mortality                           | Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. |
| Long-Term Rate of Return            | 1.00%   |

\*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2018.

**Discount Rate**

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

| <b><u>Fiscal Year</u></b> | <b><u>Measurement Date</u></b> | <b><u>Discount Rate</u></b> |
|---------------------------|--------------------------------|-----------------------------|
| 2019                      | June 30, 2018                  | 3.87%                       |
| 2018                      | June 30, 2017                  | 3.58%                       |

The discount rate 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.

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

|  | Total OPEB<br>Liability<br>(State Share 100%) |
|--|---|
| Balance, June 30, 2017 Measurement Date            | \$ <u>23,230,752</u>                          |
| Changes Recognized for the Fiscal Year:            |   |
| Service Cost                                       | 1,004,498                                     |
| Interest on the Total OPEB Liability               | 858,582                                       |
| Differences Between Expected and Actual Experience | (2,581,943)                                   |
| Changes of Assumptions                             | (2,264,965)                                   |
| Gross Benefit Payments                             | (527,771)                                     |
| Contributions from the Member                      | <u>18,241</u>                                 |
| <b>Net Changes</b>                                 | <b>\$ <u>(3,493,358)</u></b>                  |
| Balance, June 30, 2018 Measurement Date            | \$ <u>19,737,394</u>                          |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 was not provided by the pension system.

**NORTH CALDWELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.87%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

|  | <b>1%<br/>Decrease<br/><u>(2.87%)</u></b> | <b>Current<br/>Discount Rate<br/><u>(3.87%)</u></b> | <b>1%<br/>Increase<br/><u>(4.87%)</u></b> |
|--|---|---|---|
| State's Proportionate Share of<br>the OPEB Liability<br>Attributable to the District | \$ <u>23,333,618</u>                      | \$ <u>19,737,394</u>                                | \$ <u>16,878,768</u>                      |

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

|  | <b>1%<br/>Decrease</b> | <b>Healthcare<br/>Cost Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|--|------------------------|--|------------------------|
| Total OPEB Liability (School Retirees) | \$ <u>16,314,106</u>   | \$ <u>19,737,394</u>                       | \$ <u>24,264,824</u>   |

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**F. 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 school tax revenue 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.

For North Caldwell Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.



**BUDGETARY COMPARISON SCHEDULES**

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**NORTH CALDWELL BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|  | <u>Original<br/>Budget</u> | <u>Adjustments/<br/>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final Budget<br/>to Actual</u> |
|--|----------------------------|--|-------------------------|-------------------|--|
| <b>REVENUES</b>  |                            |  |                         |                   |  |
| Local Sources  |                            |  |                         |                   |  |
| Local Tax Levy   | \$ 12,699,711              |  | \$ 12,699,711           | \$ 12,699,711     |  |
| Tuition from Individuals   | 66,600                     |  | 66,600                  | 140,951           | \$ 74,351                                      |
| Rents and Royalties  | 8,850                      |  | 8,850                   | 10,070            | 1,220  |
| Miscellaneous  | 24,500                     | -  | 24,500                  | 258,876           | 234,376  |
| <b>Total Local Sources</b>   | <u>12,799,661</u>          | <u>-</u>                                     | <u>12,799,661</u>       | <u>13,109,608</u> | <u>309,947</u>                                 |
| State Sources  |                            |  |                         |                   |  |
| Special Education Aid  | 150,510                    | \$ 114,872                                   | 265,382                 | 265,382           |  |
| Transportation Aid   | 84,466                     |  | 84,466                  | 84,466            |  |
| Security Aid   | 51,981                     |  | 51,981                  | 51,981            |  |
| Extraordinary Aid  | 100,000                    |  | 100,000                 | 394,608           | 294,608  |
| TPAF Pension- On-Behalf Post Retirement Medical Contribution<br>(Non Budgeted) |                            |  |                         | 428,679           | 428,679  |
| TPAF Pension - On-Behalf Normal Costs (Non Budgeted)                           |                            |  |                         | 925,685           | 925,685  |
| TPAF Pension - On-Behalf NCGI Premium (Non Budgeted)                           |                            |  |                         | 19,377            | 19,377   |
| TPAF Pension - On-Behalf Long-Term Disability Insurance (Non Budgeted)         |                            |  |                         | 813               | 813  |
| TPAF Social Security Contributions (Non-Budgeted)                              | -                          | -  | -                       | 367,215           | 367,215  |
| <b>Total State Sources</b>   | <u>386,957</u>             | <u>114,872</u>                               | <u>501,829</u>          | <u>2,538,206</u>  | <u>2,036,377</u>                               |
| <b>Total Revenues</b>  | <u>13,186,618</u>          | <u>114,872</u>                               | <u>13,301,490</u>       | <u>15,647,814</u> | <u>2,346,324</u>                               |
| <b>EXPENDITURES</b>  |                            |  |                         |                   |  |
| <b>CURRENT EXPENDITURES</b>  |                            |  |                         |                   |  |
| Instruction - Regular Programs   |                            |  |                         |                   |  |
| Salaries of Teachers   |                            |  |                         |                   |  |
| Kindergarten   | 287,903                    |  | 287,903                 | 276,971           | 10,932   |
| Grades 1-5   | 2,579,071                  | (89,433)                                     | 2,489,638               | 2,421,527         | 68,111   |
| Grades 6-8   | 359,690                    | 17,282                                       | 376,972                 | 370,004           | 6,968  |
| Regular Program - Home Instruction   |                            |  |                         |                   |  |
| Salaries of Teachers   | 1,900                      |  | 1,900                   |                   | 1,900  |
| Regular Programs - Undistributed Instruction                                   |                            |  |                         |                   |  |
| Other Purchased Services   | 205,450                    | 44,739                                       | 250,189                 | 243,061           | 7,128  |
| General Supplies   | 202,780                    | 100,583                                      | 303,363                 | 237,480           | 65,883   |
| Textbooks  | 80,000                     | (57,500)                                     | 22,500                  | 1,729             | 20,771   |
| Other Objects  | 5,000                      | (278)  | 4,722                   | -                 | 4,722  |
| <b>Total Regular Programs</b>  | <u>3,721,794</u>           | <u>15,393</u>                                | <u>3,737,187</u>        | <u>3,550,772</u>  | <u>186,415</u>                                 |
| Resource Room  |                            |  |                         |                   |  |
| Salaries of Teachers   | 1,206,032                  | (25,605)                                     | 1,180,427               | 1,058,644         | 121,783  |
| Other Salaries for Instruction   | 560,268                    | (10,000)                                     | 550,268                 | 538,486           | 11,782   |
| General Supplies   | 6,000                      | -  | 6,000                   | -                 | 6,000  |
| <b>Total Resource Room</b>   | <u>1,772,300</u>           | <u>(35,605)</u>                              | <u>1,736,695</u>        | <u>1,597,130</u>  | <u>139,565</u>                                 |
| Preschool Disabilities - Part-Time   |                            |  |                         |                   |  |
| Salaries of Teachers   | 167,455                    | 5,000  | 172,455                 | 172,047           | 408  |
| General Supplies   | 560                        | -  | 560                     | 57                | 503  |
| <b>Total Preschool Disabilities - Part-Time</b>                                | <u>168,015</u>             | <u>5,000</u>                                 | <u>173,015</u>          | <u>172,104</u>    | <u>911</u>                                     |

**NORTH CALDWELL BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final To<br/>Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|---|
| <b>EXPENDITURES</b>   |                            |                             |                         |                  |   |
| <b>CURRENT EXPENDITURES (Continued)</b>                     |                            |                             |                         |                  |   |
| Special Education (Continued)                               |                            |                             |                         |                  |   |
| Home Instruction  |                            |                             |                         |                  |   |
| Salaries of Teachers  | \$ 9,000                   | -                           | \$ 9,000                | \$ 1,517         | \$ 7,483                                |
| Total Home Instruction                                      | <u>9,000</u>               | <u>-</u>                    | <u>9,000</u>            | <u>1,517</u>     | <u>7,483</u>                            |
| Total Special Education                                     | <u>1,949,315</u>           | <u>\$ (30,605)</u>          | <u>1,918,710</u>        | <u>1,770,751</u> | <u>147,959</u>                          |
| Total Instruction   | <u>5,671,109</u>           | <u>(15,212)</u>             | <u>5,655,897</u>        | <u>5,321,523</u> | <u>334,374</u>                          |
| Undistributed Expenditures                                  |                            |                             |                         |                  |   |
| Instruction   |                            |                             |                         |                  |   |
| Tuition to Priv. Sch. For the Disabled W/I State            | <u>348,900</u>             | <u>(14,900)</u>             | <u>334,000</u>          | <u>324,673</u>   | <u>9,327</u>                            |
| Total Undistributed Expenditures -<br>Instruction           | <u>348,900</u>             | <u>(14,900)</u>             | <u>334,000</u>          | <u>324,673</u>   | <u>9,327</u>                            |
| Health Services   |                            |                             |                         |                  |   |
| Salaries  | 144,205                    | 7,000                       | 151,205                 | 146,389          | 4,816                                   |
| Purchased Professional and Technical Services               |                            | 8,020                       | 8,020                   | 7,411            | 609                                     |
| Other Purchased Services                                    | 100                        |                             | 100                     |                  | 100                                     |
| Supplies and Materials                                      | <u>2,100</u>               | <u>80</u>                   | <u>2,180</u>            | <u>1,166</u>     | <u>1,014</u>                            |
| Total Health Services                                       | <u>146,405</u>             | <u>15,100</u>               | <u>161,505</u>          | <u>154,966</u>   | <u>6,539</u>                            |
| Other Support Serv. Students OT, PT and Related Serv.       |                            |                             |                         |                  |   |
| Salaries  | 215,580                    | (2,850)                     | 212,730                 | 212,591          | 139                                     |
| Purchased Professional-Educational Services                 | 270,261                    | 8,000                       | 278,261                 | 267,088          | 11,173                                  |
| Supplies and Materials                                      | <u>4,000</u>               | <u>(1,000)</u>              | <u>3,000</u>            | <u>1,978</u>     | <u>1,022</u>                            |
| Total Other Support Serv. Students OT, PT and Related Serv. | <u>489,841</u>             | <u>4,150</u>                | <u>493,991</u>          | <u>481,657</u>   | <u>12,334</u>                           |
| Other Support Serv. Students - Extra. Svcs.                 |                            |                             |                         |                  |   |
| Purchased Professional-Educational Services                 | <u>207,000</u>             | <u>105,000</u>              | <u>312,000</u>          | <u>278,080</u>   | <u>33,920</u>                           |
| Total Other Support Serv. Students - Extra Serv.            | <u>207,000</u>             | <u>105,000</u>              | <u>312,000</u>          | <u>278,080</u>   | <u>33,920</u>                           |
| Child Study Team  |                            |                             |                         |                  |   |
| Salaries of Other Professional Staff                        | 307,627                    | (4,600)                     | 303,027                 | 269,679          | 33,348                                  |
| Salaries of Secretarial and Clerical Assistants             | 47,165                     |                             | 47,165                  | 46,238           | 927                                     |
| Other Salaries  | 48,000                     | (25,000)                    | 23,000                  |                  | 23,000                                  |
| Purchased Professional - Educational Services               | 15,400                     | 11,500                      | 26,900                  | 7,699            | 19,201                                  |
| Other Purchased Professional and Technical Services         | 17,500                     | (3,000)                     | 14,500                  | 5,425            | 9,075                                   |
| Misc Purchased Services                                     | 1,750                      |                             | 1,750                   |                  | 1,750                                   |
| Supplies and Materials                                      | 18,000                     | (2,500)                     | 15,500                  | 8,904            | 6,596                                   |
| Other Objects   | <u>1,000</u>               | <u>-</u>                    | <u>1,000</u>            | <u>-</u>         | <u>1,000</u>                            |
| Total Child Study Team                                      | <u>456,442</u>             | <u>(23,600)</u>             | <u>432,842</u>          | <u>337,945</u>   | <u>94,897</u>                           |

**NORTH CALDWELL BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final To<br/>Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|---|
| <b>EXPENDITURES</b>                               |                            |                             |                         |                |   |
| <b>CURRENT EXPENDITURES (Continued)</b>           |                            |                             |                         |                |   |
| Undistributed Expenditures (Continued)            |                            |                             |                         |                |   |
| Improvement of Instructional Services             |                            |                             |                         |                |   |
| Salaries of Other Professional Staff              | \$ 2,000                   | \$ (800)                    | \$ 1,200                |                | \$ 1,200                                |
| Purchased Professional - Educational Services     | 2,000                      | 5,312                       | 7,312                   | \$ 7,312       | -                                       |
| Total Improvement of Instructional Services       | <u>4,000</u>               | <u>4,512</u>                | <u>8,512</u>            | <u>7,312</u>   | <u>1,200</u>                            |
| Educational Media Services/School Library         |                            |                             |                         |                |   |
| Salaries  | 107,198                    | 8,000                       | 115,198                 | 115,003        | 195                                     |
| Salaries of Technology Coordinators               | 19,000                     | 4,525                       | 23,525                  | 21,397         | 2,128                                   |
| Supplies and Materials                            | 6,000                      | 1,108                       | 7,108                   | 5,393          | 1,715                                   |
| Total Educational Media Serv./School Library      | <u>132,198</u>             | <u>13,633</u>               | <u>145,831</u>          | <u>141,793</u> | <u>4,038</u>                            |
| Staff Training Services                           |                            |                             |                         |                |   |
| Purchased Professional-Educational Services       | 25,000                     | (950)                       | 24,050                  | 20,598         | 3,452                                   |
| Other Purchased Services                          | 2,500                      | (600)                       | 1,900                   | 958            | 942                                     |
| Total Staff Training Services                     | <u>27,500</u>              | <u>(1,550)</u>              | <u>25,950</u>           | <u>21,556</u>  | <u>4,394</u>                            |
| Support Services General Administration           |                            |                             |                         |                |   |
| Salaries  | 247,297                    | (3,523)                     | 243,774                 | 232,474        | 11,300                                  |
| Legal Services                                    | 47,500                     |                             | 47,500                  | 33,471         | 14,029                                  |
| Audit Fees  | 26,500                     |                             | 26,500                  | 23,366         | 3,134                                   |
| Architectural/Engineering Services                | 22,500                     | 12,515                      | 35,015                  |                | 35,015                                  |
| Other Purchased Professional Services             | 10,000                     |                             | 10,000                  | 9,255          | 745                                     |
| Communications/Telephone                          | 23,500                     | (4,000)                     | 19,500                  | 4,436          | 15,064                                  |
| BOE Other Purchased Services                      | 3,000                      |                             | 3,000                   |                | 3,000                                   |
| Miscellaneous Purchased Services                  | 6,500                      | 14,452                      | 20,952                  | 20,952         |   |
| General Supplies                                  | 6,000                      | (2,597)                     | 3,403                   | 2,569          | 834                                     |
| BOE In-House Training/Meeting Supplies            | 1,000                      |                             | 1,000                   |                | 1,000                                   |
| Miscellaneous Expenditures                        | 4,250                      | (1,250)                     | 3,000                   | 853            | 2,147                                   |
| BOE Membership Dues and Fees                      | 13,700                     | (3,555)                     | 10,145                  | 9,316          | 829                                     |
| Total Support Services General Administration     | <u>411,747</u>             | <u>12,042</u>               | <u>423,789</u>          | <u>336,692</u> | <u>87,097</u>                           |
| Support Services School Administration            |                            |                             |                         |                |   |
| Salaries of Principal/Asst. Principals/Prog. Dir. | 274,650                    | 11,950                      | 286,600                 | 280,175        | 6,425                                   |
| Salaries of Other Professional Staff              | 7,650                      | 7,200                       | 14,850                  | 14,771         | 79                                      |
| Salaries of Secretarial and Clerical Assistants   | 87,017                     | 1,600                       | 88,617                  | 82,819         | 5,798                                   |
| Purchased Professional and Technical Services     | 8,000                      |                             | 8,000                   |                | 8,000                                   |
| Other Purchased Services                          | 2,000                      |                             | 2,000                   |                | 2,000                                   |
| Supplies and Materials                            | 5,400                      | 368                         | 5,768                   | 804            | 4,964                                   |
| Other Objects                                     | 3,000                      | -                           | 3,000                   | -              | 3,000                                   |
| Total Support Services School Administration      | <u>387,717</u>             | <u>21,118</u>               | <u>408,835</u>          | <u>378,569</u> | <u>30,266</u>                           |

NORTH CALDWELL BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

|   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final To<br>Actual |
|---|--------------------|---------------------|------------------|------------------|--------------------------------|
| <b>EXPENDITURES</b>   |                    |                     |                  |                  |                                |
| <b>CURRENT EXPENDITURES (Continued)</b>                               |                    |                     |                  |                  |                                |
| Undistributed Expenditures (Continued)                                |                    |                     |                  |                  |                                |
| Central Services  |                    |                     |                  |                  |                                |
| Salaries  | \$ 247,895         | \$ 7,000            | \$ 254,895       | \$ 249,209       | \$ 5,686                       |
| Purchased Technical Services  | 18,500             | 1,650               | 20,150           | 12,106           | 8,044                          |
| Miscellaneous Purchased Services                                      | 2,900              | 1,150               | 4,050            | 3,840            | 210                            |
| Supplies and Materials  | 4,250              |                     | 4,250            | 3,503            | 747                            |
| Miscellaneous Expenditures  | 1,750              | 1,000               | 2,750            | 285              | 2,465                          |
| Total Central Services  | <u>275,295</u>     | <u>10,800</u>       | <u>286,095</u>   | <u>268,943</u>   | <u>17,152</u>                  |
| Administrative Information Technology                                 |                    |                     |                  |                  |                                |
| Salaries  | 49,450             | (2,327)             | 47,123           | 46,103           | 1,020                          |
| Purchased Technical Services  | 17,500             | 3,100               | 20,600           | 13,248           | 7,352                          |
| Total Administrative Information Technology                           | <u>66,950</u>      | <u>773</u>          | <u>67,723</u>    | <u>59,351</u>    | <u>8,372</u>                   |
| Required Maintenance for School Facilities                            |                    |                     |                  |                  |                                |
| Salaries  | 65,901             | 1,200               | 67,101           | 63,513           | 3,588                          |
| Cleaning, Repair and Maintenance Services                             | 272,500            | 20,462              | 292,962          | 260,743          | 32,219                         |
| General Supplies  | 42,500             | 85,640              | 128,140          | 115,360          | 12,780                         |
| Other Objects   | 3,750              | 1,000               | 4,750            | 4,735            | 15                             |
| Total Required Maintenance for School Facilities                      | <u>384,651</u>     | <u>108,302</u>      | <u>492,953</u>   | <u>444,351</u>   | <u>48,602</u>                  |
| Custodial Services  |                    |                     |                  |                  |                                |
| Salaries  | 485,655            | 16,575              | 502,230          | 483,617          | 18,613                         |
| Cleaning, Repair and Maint. Serv.                                     | 20,000             |                     | 20,000           | 9,157            | 10,843                         |
| Other Purchased Property Services                                     | 17,000             |                     | 17,000           | 9,629            | 7,371                          |
| Insurance   | 72,000             | (13,000)            | 59,000           | 57,386           | 1,614                          |
| Miscellaneous Purchased Services                                      | 2,750              | 1,000               | 3,750            | 3,696            | 54                             |
| General Supplies  | 15,680             |                     | 15,680           |                  | 15,680                         |
| Energy (Natural Gas)  | 89,000             | (27,000)            | 62,000           | 48,431           | 13,569                         |
| Energy (Electricity)  | 162,000            | 3,500               | 165,500          | 128,821          | 36,679                         |
| Energy (Gasoline)   | 5,700              | -                   | 5,700            | 3,323            | 2,377                          |
| Total Custodial Services  | <u>869,785</u>     | <u>(18,925)</u>     | <u>850,860</u>   | <u>744,060</u>   | <u>106,800</u>                 |
| Security  |                    |                     |                  |                  |                                |
| Salaries  | 3,000              |                     | 3,000            | 76               | 2,924                          |
| Other Objects   | 1,500              | 23,000              | 24,500           | 23,823           | 677                            |
| Total Security  | <u>4,500</u>       | <u>23,000</u>       | <u>27,500</u>    | <u>23,899</u>    | <u>3,601</u>                   |
| Student Transportation Services                                       |                    |                     |                  |                  |                                |
| Salaries for Pupil Transportation                                     |                    |                     |                  |                  |                                |
| (Between Home and School) - Regular                                   | 13,934             | 800                 | 14,734           | 14,518           | 216                            |
| Other Purchased Prof. and Technical Serv.                             | 16,000             |                     | 16,000           | 15,000           | 1,000                          |
| Contracted Services (Aid In Lieu of Payment for Non-public)           | 30,000             |                     | 30,000           | 30,000           |                                |
| Contracted Services (Bet. Home and Sch) - Vendors                     | 270,000            | (57,000)            | 213,000          | 189,899          | 23,101                         |
| Contracted Services (Other than Between<br>Home and School) - Vendors | 7,000              | 7,500               | 14,500           | 10,387           | 4,113                          |
| Contracted Services (Spl. Ed. Students) - Joint Agmts.                | 215,000            | (5,500)             | 209,500          | 201,560          | 7,940                          |
| Total Student Transportation Services                                 | <u>551,934</u>     | <u>(54,200)</u>     | <u>497,734</u>   | <u>461,364</u>   | <u>36,370</u>                  |
| Unallocated Benefits - Employee Benefits                              |                    |                     |                  |                  |                                |
| Social Security Contributions   | 169,000            |                     | 169,000          | 146,824          | 22,176                         |
| Other Retirement Contributions - PERS                                 | 197,500            | 13,055              | 210,555          | 210,555          |                                |
| Other Retirement Contributions - Regular                              |                    | 4,445               | 4,445            | 591              | 3,854                          |
| Unemployment Compensation   | 40,000             | 10,000              | 50,000           | 50,000           |                                |
| Workmen's Compensation  | 74,500             |                     | 74,500           | 68,690           | 5,810                          |
| Health Benefits   | 2,473,013          | (158,871)           | 2,314,142        | 2,075,726        | 238,416                        |
| Tuition Reimbursement   | 40,000             |                     | 40,000           | 29,145           | 10,855                         |
| Other Employee Benefits   | 10,000             |                     | 10,000           | 8,308            | 1,692                          |
| Unused Sick Payment to Terminated / Retired Staff                     | 18,000             | -                   | 18,000           | 4,088            | 13,912                         |
| Total Unallocated Benefits - Employee Benefits                        | <u>3,022,013</u>   | <u>(131,371)</u>    | <u>2,890,642</u> | <u>2,593,927</u> | <u>296,715</u>                 |

Continued

**NORTH CALDWELL BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| EXPENDITURES   | Original<br>Budget  | Budget<br>Transfers | Final<br>Budget     | Actual              | Variance<br>Final To<br>Actual |
|--|---------------------|---------------------|---------------------|---------------------|--------------------------------|
| <b>CURRENT EXPENDITURES (Continued)</b>  |                     |                     |                     |                     |                                |
| TPAF Pension- On-Behalf Post Retirement Medical Contribution<br>(Non Budgeted)           |                     |                     |                     | \$ 428,679          | \$ (428,679)                   |
| TPAF Pension - On-Behalf Normal Costs (Non Budgeted)                                     |                     |                     |                     | 925,685             | (925,685)                      |
| TPAF Pension - On-Behalf NCGI Premium (Non Budgeted)                                     |                     |                     |                     | 19,377              | (19,377)                       |
| TPAF Pension - On-Behalf Long-Term Disability Insurance (Non Budgeted)                   |                     |                     |                     | 813                 | (813)                          |
| TPAF Social Security Contributions (Non-Budgeted)  | -                   | -                   | -                   | 367,215             | (367,215)                      |
| <b>Total Undistributed Expenditures</b>  | <b>\$ 7,786,878</b> | <b>\$ 73,884</b>    | <b>\$ 7,860,762</b> | <b>8,800,907</b>    | <b>(940,145)</b>               |
| <b>Total Expenditures - Current Expenditures</b>   | <b>13,457,987</b>   | <b>58,672</b>       | <b>13,516,659</b>   | <b>14,122,430</b>   | <b>(605,771)</b>               |
| <b>Capital Outlay</b>  |                     |                     |                     |                     |                                |
| <b>Equipment</b>   |                     |                     |                     |                     |                                |
| Grades 1-5   |                     | 82,524              | 82,524              | 82,383              | 141                            |
| Undistributed Expenditures - Operation & Maint.  | -                   | 21,147              | 21,147              | 7,620               | 13,527                         |
| <b>Total Equipment</b>   | <b>-</b>            | <b>103,671</b>      | <b>103,671</b>      | <b>90,003</b>       | <b>13,668</b>                  |
| <b>Facilities Acquisition and Construction Serv.</b>                                     |                     |                     |                     |                     |                                |
| Assessment Debt Service on SDA Funding   | 11,389              | -                   | 11,389              | 11,389              | -                              |
| <b>Total Facilities Acquisition and Constr. Services</b>                                 | <b>11,389</b>       | <b>-</b>            | <b>11,389</b>       | <b>11,389</b>       | <b>-</b>                       |
| <b>Total Capital Outlay</b>  | <b>11,389</b>       | <b>103,671</b>      | <b>115,060</b>      | <b>101,392</b>      | <b>13,668</b>                  |
| <b>Total Expenditures</b>  | <b>13,469,376</b>   | <b>162,343</b>      | <b>13,631,719</b>   | <b>14,223,822</b>   | <b>(592,103)</b>               |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures                             | (282,758)           | (47,471)            | (330,229)           | 1,423,992           | 1,754,221                      |
| Excess (Deficiency) of Revenues Over/(Under)<br>Expenditures and Other Financing Sources | (282,758)           | (47,471)            | (330,229)           | 1,423,992           | 1,754,221                      |
| Fund Balance, Beginning of Year  | 6,270,883           | -                   | 6,270,883           | 6,270,883           | -                              |
| Fund Balance, End of Year  | <b>\$ 5,988,125</b> | <b>\$ (47,471)</b>  | <b>\$ 5,940,654</b> | <b>\$ 7,694,875</b> | <b>\$ 1,754,221</b>            |
| <b>Recapitulation of Fund Balance</b>  |                     |                     |                     |                     |                                |
| <b>Restricted:</b>   |                     |                     |                     |                     |                                |
| Capital Reserve Account  |                     |                     |                     | \$ 5,944,575        |                                |
| Emergency Reserve  |                     |                     |                     | 250,000             |                                |
| Maintenance Reserve  |                     |                     |                     | 495,381             |                                |
| Excess Surplus - Designated for Subsequent Years Expenditures                            |                     |                     |                     | 75,000              |                                |
| Excess Surplus   |                     |                     |                     | 75,000              |                                |
| <b>Committed</b>   |                     |                     |                     |                     |                                |
| Year End Encumbrances  |                     |                     |                     | 56,887              |                                |
| <b>Assigned</b>  |                     |                     |                     |                     |                                |
| Designated for Subsequent Year's Expenditures  |                     |                     |                     | 239,248             |                                |
| Year End Encumbrances  |                     |                     |                     | 14,176              |                                |
| Unassigned   |                     |                     |                     | 544,608             |                                |
| Reconciliation to Governmental Funds Statements (GAAP):                                  |                     |                     |                     | 7,694,875           |                                |
| Less: State Aid Payments Not Recognized on GAAP Basis                                    |                     |                     |                     | (431,402)           |                                |
| Fund Balance Per Governmental Funds (GAAP)   |                     |                     |                     | <b>\$ 7,263,473</b> |                                |

**NORTH CALDWELL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|  | <u>Modified<br/>Budget</u> | <u>Adjustments/<br/>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final Budget<br/>to Actual</u> |
|--|----------------------------|--|-------------------------|----------------|--|
| <b>REVENUES</b>  |                            |  |                         |                |  |
| Intergovernmental<br>Federal                                 | \$ 210,020                 | \$ 36,916                                    | \$ 246,936              | \$ 246,936     | -  |
| Total Revenues   | <u>210,020</u>             | <u>36,916</u>                                | <u>246,936</u>          | <u>246,936</u> | <u>-</u>                                       |
| <b>EXPENDITURES</b>  |                            |  |                         |                |  |
| Instruction  |                            |  |                         |                |  |
| Salaries of Teachers   | 61,505                     | 5,540  | 67,045                  | 67,045         |  |
| Tuition  | 125,906                    | (31,970)                                     | 93,936                  | 93,936         |  |
| General Supplies   | <u>8,500</u>               | <u>2,138</u>                                 | <u>10,638</u>           | <u>10,638</u>  | <u>-</u>                                       |
| Total Instruction  | <u>195,911</u>             | <u>(24,292)</u>                              | <u>171,619</u>          | <u>171,619</u> | <u>-</u>                                       |
| Support Services   |                            |  |                         |                |  |
| Personnel Services - Employee Benefits                       |                            | 5,129  | 5,129                   | 5,129          |  |
| Purchased Professional/Technical Services                    | 14,109                     | 9,079  | 23,188                  | 23,188         |  |
| Other Purchased Services                                     | <u>-</u>                   | <u>47,000</u>                                | <u>47,000</u>           | <u>47,000</u>  | <u>-</u>                                       |
| Total Support Services                                       | <u>14,109</u>              | <u>61,208</u>                                | <u>75,317</u>           | <u>75,317</u>  | <u>-</u>                                       |
| Total Expenditures   | <u>210,020</u>             | <u>36,916</u>                                | <u>246,936</u>          | <u>246,936</u> | <u>-</u>                                       |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures | <u>-</u>                   | <u>-</u>                                     | <u>-</u>                | <u>-</u>       | <u>-</u>                                       |
| Fund Balances, Beginning of Year                             | <u>-</u>                   | <u>-</u>                                     | <u>-</u>                | <u>-</u>       | <u>-</u>                                       |
| Fund Balances, End of Year                                   | <u>\$ -</u>                | <u>\$ -</u>                                  | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ -</u>                                    |



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

**NORTH CALDWELL BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of 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.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

|  | <b>General<br/>Fund</b>        | <b>Special<br/>Revenue<br/>Fund</b> |
|--|--------------------------------|-------------------------------------|
| <b>Sources/inflows of resources</b>  |                                |                                     |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule  | (C-1) \$ 15,647,814            | (C-2) \$ 246,936                    |
| Difference - Budget to GAAP:   |                                |                                     |
| State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (prior year)                            | 366,113                        |                                     |
| State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)                          | <u>(431,402)</u>               | <u>-</u>                            |
| <br>Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.     | <br>(B-2) \$ <u>15,582,525</u> | <br>\$ <u>246,936</u>               |
| <b>Uses/outflows of resources</b>  |                                |                                     |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule   | (C-1) \$ <u>14,223,822</u>     | (C-2) \$ <u>246,936</u>             |
| <br>Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <br>(B-2) \$ <u>14,223,822</u> | <br>\$ <u>246,936</u>               |

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**  
**PENSION INFORMATION**  
**AND**  
**OTHER POST-EMPLOYMENT BENEFITS INFORMATION**

**NORTH CALDWELL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Six Fiscal Years \*

|  | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| District's Proportion of the Net Position Liability (Asset)  | 0.02072             | 0.01676 %           | 0.01652 %           | 0.01702 %           | 0.01515 %           | 0.01562 %           |
| District's Proportionate Share of the Net Pension Liability (Asset)  | <u>\$ 4,080,000</u> | <u>\$ 3,903,533</u> | <u>\$ 4,893,073</u> | <u>\$ 3,821,527</u> | <u>\$ 2,837,575</u> | <u>\$ 2,986,345</u> |
| District's Covered Payroll   | <u>\$ 1,547,668</u> | <u>\$ 1,371,792</u> | <u>\$ 1,118,665</u> | <u>\$ 1,119,602</u> | <u>\$ 1,189,503</u> | <u>\$ 1,054,265</u> |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 264%                | 285%                | 437%                | 341%                | 239%                | 283%                |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                 | 53.60%              | 48.10%              | 40.14%              | 47.93%              | 52.08%              | 48.72%              |

\* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORTH CALDWELL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Six Fiscal Years

|  | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually Required Contribution                                      | \$ 206,114          | \$ 155,346          | \$ 146,771          | \$ 146,360          | \$ 124,942          | \$ 117,735          |
| Contributions in Relation to the<br>Contractually Required Contributions | <u>206,114</u>      | <u>155,346</u>      | <u>146,771</u>      | <u>146,360</u>      | <u>124,942</u>      | <u>117,735</u>      |
| Contribution Deficiency (Excess)   | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         |
| District's Covered Payroll   | <u>\$ 1,435,039</u> | <u>\$ 1,547,668</u> | <u>\$ 1,371,792</u> | <u>\$ 1,118,665</u> | <u>\$ 1,119,602</u> | <u>\$ 1,189,503</u> |
| Contributions as a Percentage of<br>Covered Payroll                      | 14.36%              | 10.04%              | 10.70%              | 13.08%              | 11.16%              | 9.90%               |

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORTH CALDWELL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

TEACHERS PENSION AND ANNUITY FUND  
Last Six Fiscal Years \*

|  | <u>2019</u>          | <u>2018</u>          | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| District's Proportion of the Net Position Liability (Asset)  | - %                  | - %                  | - %                  | - %                  | - %                  | - %                  |
| District's Proportionate Share of the Net Pension Liability (Asset)  | -                    | -                    | -                    | -                    | -                    | -                    |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District              | <u>\$ 30,672,722</u> | <u>\$ 32,621,675</u> | <u>\$ 36,162,558</u> | <u>\$ 31,438,079</u> | <u>\$ 24,654,605</u> | <u>\$ 22,989,850</u> |
| Total  | <u>\$ 30,672,722</u> | <u>\$ 32,621,675</u> | <u>\$ 36,162,558</u> | <u>\$ 31,438,079</u> | <u>\$ 24,654,605</u> | <u>\$ 22,989,850</u> |
| District's Covered Payroll   | <u>\$ 5,018,705</u>  | <u>\$ 4,897,352</u>  | <u>\$ 5,004,262</u>  | <u>\$ 5,000,409</u>  | <u>\$ 4,873,882</u>  | <u>\$ 4,746,510</u>  |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 0%                   | 0%                   | 0%                   | 0%                   | 0%                   | 0%                   |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                 | 26.49%               | 25.41%               | 22.33%               | 28.71%               | 33.64%               | 33.76%               |

\* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORTH CALDWELL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Change of Benefit Terms:**

None.

**Change of Assumptions:**

Assumptions used in calculation the net pension liability and statutorily required employer contribution are presented in Note 4D.

**NORTH CALDWELL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**POSTEMPLOYMENT HEALTH BENEFIT PLAN**

**Last Two Fiscal Years\***

|   | <u>2019</u>                 | <u>2018</u>                 |
|---|-----------------------------|-----------------------------|
| <b>Total OPEB Liability</b>   |                             |                             |
| Service Cost  | \$ 1,004,498                | \$ 1,216,459                |
| Interest on Total OPEB Liability  | 858,582                     | 735,330                     |
| Differences Between Expected and Actual Experience  | (2,581,943.0)               | -                           |
| Changes of Assumptions  | (2,264,965)                 | (3,069,118)                 |
| Gross Benefit Payments  | (527,771)                   | (700,931)                   |
| Contribution from the Member  | <u>18,241</u>               | <u>25,810</u>               |
| <b>Net Change in Total OPEB Liability</b>   | <b>(3,493,358)</b>          | <b>(1,792,450)</b>          |
| <b>Total OPEB Liability - Beginning</b>   | <u>23,230,752</u>           | <u>25,023,202</u>           |
| <b>Total OPEB Liability - Ending</b>  | <u><b>\$ 19,737,394</b></u> | <u><b>\$ 23,230,752</b></u> |
| <br>  |                             |                             |
| District's Proportionate Share of OPEB Liability  |                             | \$0                         |
| State's Proportionate Share of OPEB Liability   | <u>19,737,394</u>           | <u>23,230,752</u>           |
| Total OPEB Liability - Ending   | <u><b>\$ 19,737,394</b></u> | <u><b>\$ 23,230,752</b></u> |
| <br>  |                             |                             |
| <b>District's Covered Payroll</b>   | <u><b>\$ 6,566,373</b></u>  | <u><b>\$ 6,269,144</b></u>  |
| <br>  |                             |                             |
| District's Proportionate Share of the<br>Total OPEB Liability as a Percentage of its<br>Covered Payroll |                             | 0%                          |

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

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.



**NORTH CALDWELL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 4E.

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**NORTH CALDWELL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|   | <u>ESEA<br/>Title I</u> | <u>ESEA<br/>Title II A</u> | <u>ESEA<br/>Title IV</u> | <u>IDEA<br/>Part B<br/>Basic</u> | <u>IDEA<br/>Part B<br/>Preschool</u> | <u>Total</u>      |
|---|-------------------------|----------------------------|--------------------------|----------------------------------|--------------------------------------|-------------------|
| <b>REVENUES</b>                           |                         |                            |                          |                                  |                                      |                   |
| Intergovernmental                         |                         |                            |                          |                                  |                                      |                   |
| Federal                                   | \$ 72,174               | \$ 16,688                  | \$ 10,000                | \$ 140,936                       | \$ 7,138                             | \$ 246,936        |
| Total Revenues                            | <u>\$ 72,174</u>        | <u>\$ 16,688</u>           | <u>\$ 10,000</u>         | <u>\$ 140,936</u>                | <u>\$ 7,138</u>                      | <u>\$ 246,936</u> |
| <b>EXPENDITURES</b>                       |                         |                            |                          |                                  |                                      |                   |
| Instruction                               |                         |                            |                          |                                  |                                      |                   |
| Salaries of Teachers                      | \$ 67,045               |                            |                          |                                  |                                      | \$ 67,045         |
| Purchased Professional/Technical Services |                         |                            |                          |                                  |                                      | -                 |
| Tuition                                   |                         |                            |                          | \$ 93,936                        |                                      | 93,936            |
| General Supplies                          | -                       | -                          | \$ 10,000                | -                                | \$ 638                               | 10,638            |
| Total Instruction                         | <u>67,045</u>           | <u>-</u>                   | <u>10,000</u>            | <u>93,936</u>                    | <u>638</u>                           | <u>171,619</u>    |
| Support Services                          |                         |                            |                          |                                  |                                      |                   |
| Personnel Services - Employee Benefits    | 5,129                   |                            |                          |                                  |                                      | 5,129             |
| Purchased Professional/Technical Services |                         | \$ 16,688                  |                          |                                  | 6,500                                | 23,188            |
| Other Purchased Services                  | -                       | -                          | -                        | 47,000                           | -                                    | 47,000            |
| Total Support Services                    | <u>5,129</u>            | <u>16,688</u>              | <u>-</u>                 | <u>47,000</u>                    | <u>6,500</u>                         | <u>75,317</u>     |
| Total Expenditures                        | <u>\$ 72,174</u>        | <u>\$ 16,688</u>           | <u>\$ 10,000</u>         | <u>\$ 140,936</u>                | <u>\$ 7,138</u>                      | <u>\$ 246,936</u> |

**NORTH CALDWELL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

NORTH CALDWELL BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| <u>Issue/Project Title</u>  | <u>Original<br/>Amount<br/>Authorized</u> | <u>Amended<br/>Authorization</u> | <u>Expenditures to Date</u> |                     | <u>Balance,<br/>June 30, 2019</u> |
|---|---|----------------------------------|-----------------------------|---------------------|-----------------------------------|
|   |   |                                  | <u>Prior Years</u>          | <u>Current Year</u> |                                   |
| Gould Mountain Elementary School<br>Windows and Doors Replacement | \$ 386,000                                | \$ 413,740                       | \$ 323,518                  | \$ -                | \$ 90,222                         |
|   | <u>\$ 386,000</u>                         | <u>\$ 413,740</u>                | <u>\$ 323,518</u>           | <u>\$ -</u>         | <u>\$ 90,222</u>                  |

|                                |                  |
|--------------------------------|------------------|
| <u>Analysis of Balance</u>     |                  |
| Year End Encumbrances          | \$ 52,716        |
| Available for Capital Projects | <u>37,506</u>    |
|                                | <u>\$ 90,222</u> |

Analysis of Appropriations

|   |                 |                   |
|---|-----------------|-------------------|
| Gould Mountain Elementary School<br>Windows and Doors Replacement | Capital Reserve | \$ 413,740        |
| Total Amended Authorizations                                      |                 | <u>\$ 413,740</u> |

**NORTH CALDWELL BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|                                  |                  |
|----------------------------------|------------------|
| Fund Balance - Beginning of Year | \$ <u>90,222</u> |
| Fund Balance- End of Year        | \$ <u>90,222</u> |

**Reconciliation to GAAP**

|                          |                  |
|--------------------------|------------------|
| Fund Balance - Budgetary | \$ <u>90,222</u> |
| Fund Balance - GAAP      | \$ <u>90,222</u> |



NORTH CALDWELL BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 GOULD MOUNTAIN ELEMENTARY SCHOOL  
 WINDOWS AND DOORS REPLACEMENT PROJECT  
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2019

|   | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u>    | <u>Authorized<br/>Cost</u> |
|---|----------------------|---------------------|------------------|----------------------------|
| REVENUES AND OTHER FINANCING SOURCES                      |                      |                     |                  |                            |
| Capital Reserve   | \$ 413,740           | -                   | \$ 413,740       | \$ 413,740                 |
| Total Revenues  | <u>413,740</u>       | <u>-</u>            | <u>413,740</u>   | <u>413,740</u>             |
| EXPENDITURES AND OTHER FINANCING USES                     |                      |                     |                  |                            |
| Professional Services                                     | 27,973               |                     | 27,973           | 67,640                     |
| Construction Services                                     | <u>295,545</u>       | <u>-</u>            | <u>295,545</u>   | <u>346,100</u>             |
| Total Expenditures and Other Financing Uses               | <u>323,518</u>       | <u>-</u>            | <u>323,518</u>   | <u>413,740</u>             |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 90,222</u>     | <u>\$ -</u>         | <u>\$ 90,222</u> | <u>\$ -</u>                |

## Additional Project Information:

|                            |                      |
|----------------------------|----------------------|
| Project Number             | SP# 3636-050-16-1000 |
| Grant Date                 | N/A                  |
| Bond Authorization Date    | N/A                  |
| Bonds Authorized           | N/A                  |
| Bonds Issued               | N/A                  |
| Original Authorized Cost   | \$ 386,000           |
| Additional Authorized Cost | 27,740               |
| Revised Authorized Cost    | \$ 413,740           |

## Percentage Increase Over Original

|                                 |           |
|---------------------------------|-----------|
| Authorized Cost                 | 7.19%     |
| Percentage Completion           | 78.19%    |
| Original Target Completion Date | 8/31/2017 |
| Estimated Completion Date       | 6/30/2019 |

**ENTERPRISE FUND**

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

**NORTH CALDWELL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2019**

|                                     | <u>Student<br/>Activity</u> | <u>Payroll</u>    | <u>Total<br/>Agency Funds</u> |
|-------------------------------------|-----------------------------|-------------------|-------------------------------|
| <b>ASSETS</b>                       |                             |                   |                               |
| Cash and Cash Equivalents           | \$ 13,757                   | \$ 13,605         | \$ 27,362                     |
| Receivables from Other Governments  |                             | 7,409             | 7,409                         |
| Other Accounts Receivable           | -                           | 5,343             | 5,343                         |
|                                     | <u>          </u>           | <u>          </u> | <u>          </u>             |
| Total Assets                        | <u>\$ 13,757</u>            | <u>\$ 26,357</u>  | <u>\$ 40,114</u>              |
| <b>LIABILITIES</b>                  |                             |                   |                               |
| Payroll Deductions and Withholdings |                             | \$ 11,378         | \$ 11,378                     |
| Due to Other Funds                  |                             | 8,344             | 8,344                         |
| Accrued Salaries and Wages          |                             | 6,635             | 6,635                         |
| Due to Student Groups               | \$ 13,757                   | -                 | 13,757                        |
|                                     | <u>          </u>           | <u>          </u> | <u>          </u>             |
| Total Liabilities                   | <u>\$ 13,757</u>            | <u>\$ 26,357</u>  | <u>\$ 40,114</u>              |

**NORTH CALDWELL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

THIS STATEMENT IS NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|                       | <u>Balance,<br/>July 1, 2018</u> | <u>Receipts</u>  | <u>Disbursements</u> | <u>Balance,<br/>June 30, 2019</u> |
|-----------------------|----------------------------------|------------------|----------------------|-----------------------------------|
| Elementary Schools    |                                  |                  |                      |                                   |
| General Organization  | \$ 15,378                        | \$ 62,255        | \$ 63,876            | \$ 13,757                         |
| <br>Total All Schools | <u>\$ 15,378</u>                 | <u>\$ 62,255</u> | <u>\$ 63,876</u>     | <u>\$ 13,757</u>                  |

**NORTH CALDWELL BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|                                     | <u>Balance,<br/>July 1,<br/>2018</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Balance,<br/>June 30,<br/>2019</u> |
|-------------------------------------|--------------------------------------|---------------------|---------------------|---------------------------------------|
| <b>ASSETS</b>                       |                                      |                     |                     |                                       |
| Cash                                | \$ 44,998                            | \$ 8,015,591        | \$ 8,046,984        | \$ 13,605                             |
| Receivables from Other Governments  |                                      | 7,409               |                     | 7,409                                 |
| Other Accounts Receivable           | -                                    | 5,343               | -                   | 5,343                                 |
|                                     | <u>          </u>                    | <u>          </u>   | <u>          </u>   | <u>          </u>                     |
| Total Assets                        | <u>\$ 44,998</u>                     | <u>\$ 8,028,343</u> | <u>\$ 8,046,984</u> | <u>\$ 26,357</u>                      |
| <b>LIABILITIES</b>                  |                                      |                     |                     |                                       |
| Payroll Deductions and Withholdings | \$ 38,448                            | \$ 3,261,509        | \$ 3,288,579        | \$ 11,378                             |
| Accrued Salaries and Wages          | 6,550                                | 4,212,392           | 4,212,307           | 6,635                                 |
| Due to Other Funds                  | -                                    | 554,442             | 546,098             | 8,344                                 |
|                                     | <u>          </u>                    | <u>          </u>   | <u>          </u>   | <u>          </u>                     |
| Total Liabilities                   | <u>\$ 44,998</u>                     | <u>\$ 8,028,343</u> | <u>\$ 8,046,984</u> | <u>\$ 26,357</u>                      |

**LONG-TERM DEBT**

NORTH CALDWELL BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF BONDS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| <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, 2018</u> | <u>Retired</u>    | <u>Balance, June 30, 2019</u> |
|----------------------|----------------------|------------------------|--------------------------|------------|----------------------|------------------------------|-------------------|-------------------------------|
| 2011 Refunding Bonds | 11/23/2010           | \$ 6,775,000           | 2/15/20-21               | \$ 530,000 | 3.00-5.00%           |                              |                   |                               |
|                      |                      |                        | 2/15/22                  | 525,000    | 3.50%                |                              |                   |                               |
|                      |                      |                        | 2/15/23                  | 515,000    | 4.00%                | \$ 2,630,000                 | \$ 530,000        | \$ 2,100,000                  |
|                      |                      |                        |                          |            |                      | <u>\$ 2,630,000</u>          | <u>\$ 530,000</u> | <u>\$ 2,100,000</u>           |



**NORTH CALDWELL BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**NORTH CALDWELL BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|  | <u>Original<br/>Budget</u> | <u>Adjustments/<br/>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final Budget<br/>to Actual</u> |
|--|----------------------------|--|-------------------------|----------------|--|
| <b>REVENUES</b>  |                            |  |                         |                |  |
| Local Sources  |                            |  |                         |                |  |
| Local Tax Levy   | \$ 632,575                 | -  | \$ 632,575              | \$ 632,575     | -  |
| Total Revenues   | <u>632,575</u>             | <u>-</u>                                     | <u>632,575</u>          | <u>632,575</u> | <u>-</u>                                       |
| <b>EXPENDITURES</b>  |                            |  |                         |                |  |
| Regular Debt Service   |                            |  |                         |                |  |
| Principal  | 530,000                    |  | 530,000                 | 530,000        |  |
| Interest   | <u>102,575</u>             | -  | <u>102,575</u>          | <u>102,575</u> | -  |
| Total Expenditures   | <u>632,575</u>             | <u>-</u>                                     | <u>632,575</u>          | <u>632,575</u> | <u>-</u>                                       |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | -                          | -  | -                       | -              | -  |
| Fund Balance, Beginning of Year                              | <u>1</u>                   | <u>-</u>                                     | <u>1</u>                | <u>1</u>       | <u>-</u>                                       |
| Fund Balance, End of Year                                    | <u>\$ 1</u>                | <u>\$ -</u>                                  | <u>\$ 1</u>             | <u>\$ 1</u>    | <u>\$ -</u>                                    |
| <u>Recapitulation of Balance</u>                             |                            |  |                         |                |  |
| Available for Subsequent Years Expenditures                  |                            |  |                         | <u>\$ 1</u>    |  |

## STATISTICAL SECTION

This part of the North Caldwell Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**NORTH CALDWELL BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

|  | 2010                | 2011                | 2012                | 2013                | Fiscal Years Ended June 30, |                     | 2016                | 2017                | 2018                 | 2019                 |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
|  |                     | (Restated)          |                     |                     | 2014                        | 2015                |                     |                     |                      |                      |
| <b>Governmental activities</b>                     |                     |                     |                     |                     |                             |                     |                     |                     |                      |                      |
| Net Investment in Capital Assets                   | \$ 3,400,736        | \$ 3,778,953        | \$ 4,410,489        | \$ 5,213,326        | \$ 5,671,835                | \$ 6,722,207        | \$ 7,574,416        | \$ 7,847,727        | \$ 8,659,616         | \$ 8,792,101         |
| Restricted   | 250,026             | 1,136,761           | 1,493,259           | 1,792,969           | 2,613,231                   | 2,911,650           | 3,645,729           | 4,893,967           | 5,216,629            | 6,530,179            |
| Unrestricted                                       | 676,351             | 772,572             | 878,227             | 865,173             | (2,207,520)                 | (2,225,655)         | (2,483,334)         | (2,871,113)         | (3,115,263)          | (3,309,916)          |
| <b>Total governmental activities net position</b>  | <u>\$ 4,327,113</u> | <u>\$ 5,688,286</u> | <u>\$ 6,781,975</u> | <u>\$ 7,871,468</u> | <u>\$ 6,077,546</u>         | <u>\$ 7,408,202</u> | <u>\$ 8,736,811</u> | <u>\$ 9,870,581</u> | <u>\$ 10,760,982</u> | <u>\$ 12,012,364</u> |
| <b>Business-type activities</b>                    |                     |                     |                     |                     |                             |                     |                     |                     |                      |                      |
| Net Investment in Capital Assets                   |                     |                     |                     |                     |                             |                     |                     |                     |                      |                      |
| Unrestricted                                       | \$ 3,417            | \$ 4,190            | \$ 6,140            | \$ -                | \$ -                        | \$ -                | \$ -                | \$ -                | \$ -                 | \$ -                 |
| <b>Total business-type activities net position</b> | <u>\$ 3,417</u>     | <u>\$ 4,190</u>     | <u>\$ 6,140</u>     | <u>\$ -</u>         | <u>\$ -</u>                 | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>          | <u>\$ -</u>          |
| <b>District-wide</b>                               |                     |                     |                     |                     |                             |                     |                     |                     |                      |                      |
| Net Investment in Capital Assets                   | \$ 3,400,736        | \$ 3,778,953        | \$ 4,410,489        | \$ 5,213,326        | \$ 5,671,835                | \$ 6,722,207        | \$ 7,574,416        | \$ 7,847,727        | \$ 8,659,616         | \$ 8,792,101         |
| Restricted   | 250,026             | 1,136,761           | 1,493,259           | 1,792,969           | 2,613,231                   | 2,911,650           | 3,645,729           | 4,893,967           | 5,216,629            | 6,530,179            |
| Unrestricted                                       | 679,768             | 776,762             | 884,367             | 865,173             | (2,207,520)                 | (2,225,655)         | (2,483,334)         | (2,871,113)         | (3,115,263)          | (3,309,916)          |
| <b>Total district net position</b>                 | <u>\$ 4,330,530</u> | <u>\$ 5,692,476</u> | <u>\$ 6,788,115</u> | <u>\$ 7,871,468</u> | <u>\$ 6,077,546</u>         | <u>\$ 7,408,202</u> | <u>\$ 8,736,811</u> | <u>\$ 9,870,581</u> | <u>\$ 10,760,982</u> | <u>\$ 12,012,364</u> |

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

**NORTH CALDWELL BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

|   | Fiscal Years Ended June 30, |                       |                        |                        |                        |                        |                        |                        |                        |                        |
|---|-----------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|   | 2010                        | 2011                  | 2012                   | 2013                   | 2014                   | 2015                   | 2016                   | 2017                   | 2018                   | 2019                   |
| <b>Expenses</b>                                 |                             |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                         |                             |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Instruction                                     |                             |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Regular   | \$ 4,152,390                | \$ 4,289,215          | \$ 4,665,844           | \$ 5,137,691           | \$ 5,048,885           | \$ 5,928,526           | \$ 6,400,167           | \$ 6,831,927           | \$ 7,195,869           | \$ 6,459,945           |
| Special education                               | 2,623,927                   | 2,575,559             | 2,635,320              | 2,452,885              | 2,660,109              | 2,791,052              | 3,013,675              | 3,340,876              | 3,659,890              | 3,677,718              |
| School Sponsored Activities and Athletics       | 980                         | 3,499                 |                        |                        |                        |                        |                        |                        |                        |                        |
| Support Services:                               |                             |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Student & instruction related services          | 1,318,848                   | 1,270,964             | 1,282,616              | 1,377,549              | 1,255,231              | 1,344,614              | 1,384,965              | 1,612,114              | 1,946,351              | 2,054,933              |
| General Administration services                 | 398,452                     | 379,141               | 472,601                | 468,082                | 413,956                | 510,496                | 498,143                | 517,113                | 673,858                | 557,667                |
| School Administration services                  | 483,494                     | 428,637               | 450,189                | 473,613                | 461,265                | 538,293                | 602,783                | 659,602                | 721,456                | 699,317                |
| Business / Central services                     | 267,187                     | 311,545               | 379,285                | 370,911                | 395,027                | 464,724                | 509,856                | 604,297                | 618,296                | 599,305                |
| Plant operations and maintenance                | 1,512,247                   | 1,323,531             | 1,410,664              | 1,673,716              | 1,572,511              | 1,690,895              | 1,834,989              | 1,885,508              | 2,131,828              | 2,048,874              |
| Pupil transportation                            | 603,845                     | 474,117               | 433,407                | 406,809                | 433,571                | 404,134                | 397,334                | 263,856                | 311,843                | 471,275                |
| Special Schools                                 | 8,246                       |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Interest on long-term debt                      | 345,182                     | 173,274               | 230,728                | 204,861                | 191,288                | 172,728                | 155,713                | 134,927                | 113,862                | 92,872                 |
| Total governmental activities expenses          | <u>11,714,798</u>           | <u>11,229,482</u>     | <u>11,960,654</u>      | <u>12,566,117</u>      | <u>12,431,843</u>      | <u>13,845,462</u>      | <u>14,797,625</u>      | <u>15,850,220</u>      | <u>17,373,253</u>      | <u>16,661,906</u>      |
| Business-type activities:                       |                             |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Food service                                    | 6,048                       | 6,786                 | 6,349                  | -                      | -                      | -                      | -                      | -                      | -                      | -                      |
| Total business-type activities expense          | <u>6,048</u>                | <u>6,786</u>          | <u>6,349</u>           | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               |
| Total district expenses                         | <u>\$ 11,720,846</u>        | <u>\$ 11,236,268</u>  | <u>\$ 11,967,003</u>   | <u>\$ 12,566,117</u>   | <u>\$ 12,431,843</u>   | <u>\$ 13,845,462</u>   | <u>\$ 14,797,625</u>   | <u>\$ 15,850,220</u>   | <u>\$ 17,373,253</u>   | <u>\$ 16,661,906</u>   |
| <b>Program Revenues</b>                         |                             |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                        |                             |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for services:                           |                             |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Instruction                                     | \$ 106,804                  | \$ 184,348            | \$ 227,284             | \$ 218,571             | \$ 98,326              | \$ 73,200              | \$ 113,574             | \$ 106,331             | \$ 105,600             | \$ 140,951             |
| Special Schools                                 | 6,760                       |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Plant Operations and Maintenance                |                             |                       |                        |                        |                        |                        |                        |                        | 10,220                 | 10,070                 |
| Operating grants and contributions              | 1,623,085                   | 1,229,544             | 1,406,737              | 1,652,155              | 1,508,181              | 2,744,877              | 3,412,901              | 4,198,101              | 5,076,879              | 4,170,477              |
| Capital grants and contributions                | 690                         |                       |                        |                        | 15,706                 | 126,375                | 123,734                | -                      | -                      | -                      |
| Total governmental activities program revenues  | <u>1,737,339</u>            | <u>1,413,892</u>      | <u>1,634,021</u>       | <u>1,870,726</u>       | <u>1,622,213</u>       | <u>2,944,452</u>       | <u>3,650,209</u>       | <u>4,304,432</u>       | <u>5,192,699</u>       | <u>4,321,498</u>       |
| Business-type activities:                       |                             |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for services:                           |                             |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Food service                                    | 7,713                       | 7,544                 | 8,287                  | -                      | -                      | -                      | -                      | -                      | -                      | -                      |
| Operating grants and contributions              | -                           | -                     | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      |
| Total business type activities program revenues | <u>7,713</u>                | <u>7,544</u>          | <u>8,287</u>           | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               |
| Total district program revenues                 | <u>\$ 1,745,052</u>         | <u>\$ 1,421,436</u>   | <u>\$ 1,642,308</u>    | <u>\$ 1,870,726</u>    | <u>\$ 1,622,213</u>    | <u>\$ 2,944,452</u>    | <u>\$ 3,650,209</u>    | <u>\$ 4,304,432</u>    | <u>\$ 5,192,699</u>    | <u>\$ 4,321,498</u>    |
| <b>Net (Expense)/Revenue</b>                    |                             |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                         |                             |                       |                        |                        |                        |                        |                        |                        |                        |                        |
| Business-type activities                        | 1,665                       | 758                   | 1,938                  | -                      | -                      | -                      | -                      | -                      | -                      | -                      |
| Total district-wide net expense                 | <u>\$ (9,977,459)</u>       | <u>\$ (9,815,590)</u> | <u>\$ (10,326,633)</u> | <u>\$ (10,695,391)</u> | <u>\$ (10,809,630)</u> | <u>\$ (10,901,010)</u> | <u>\$ (11,147,416)</u> | <u>\$ (11,545,788)</u> | <u>\$ (12,180,554)</u> | <u>\$ (12,340,408)</u> |

**NORTH CALDWELL BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

|   | Fiscal Years Ended June 30, |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2010                        | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 |
| <b>General Revenues and Other Changes in Net Position</b> |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities:                                  |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Property taxes levied for general purposes, net           | \$ 9,793,792                | \$ 10,214,962        | \$ 10,605,788        | \$ 10,834,245        | \$ 11,050,929        | \$ 11,271,947        | \$ 11,525,704        | \$ 11,867,700        | \$ 12,292,153        | \$ 12,699,711        |
| Taxes levied for debt service                             | 914,141                     | 920,096              | 839,089              | 864,204              | 881,425              | 882,725              | 886,975              | 680,375              | 658,975              | 632,575              |
| Unrestricted grants and contributions                     | -                           | -                    | -                    | -                    | -                    | 12,173               | 13,098               | 6,363                | 6,536                | 628                  |
| Investment earnings                                       | 11,348                      | 11,361               | 8,203                | 10,013               | 11,605               | 13,157               | 13,522               | 23,644               | 88,567               | 174,926              |
| Miscellaneous income                                      | 240,839                     | 30,344               | 38,698               | 70,273               | 58,094               | 51,664               | 36,726               | 101,476              | 24,724               | 83,950               |
| Loss on Disposal of Capital Assets                        | (12,847)                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Transfers   | -                           | -                    | -                    | 6,149                | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>Total governmental activities</b>                      | <u>10,947,273</u>           | <u>11,176,763</u>    | <u>11,491,778</u>    | <u>11,784,884</u>    | <u>12,002,053</u>    | <u>12,231,666</u>    | <u>12,476,025</u>    | <u>12,679,558</u>    | <u>13,070,955</u>    | <u>13,591,790</u>    |
| Business-type activities:                                 |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Investment earnings                                       | 7                           | 15                   | 12                   | 9                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Transfers   | -                           | -                    | -                    | (6,149)              | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>Total business-type activities</b>                     | <u>7</u>                    | <u>15</u>            | <u>12</u>            | <u>(6,140)</u>       | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             |
| <b>Total district-wide</b>                                | <u>\$ 10,947,280</u>        | <u>\$ 11,176,778</u> | <u>\$ 11,491,790</u> | <u>\$ 11,778,744</u> | <u>\$ 12,002,053</u> | <u>\$ 12,231,666</u> | <u>\$ 12,476,025</u> | <u>\$ 12,679,558</u> | <u>\$ 13,070,955</u> | <u>\$ 13,591,790</u> |
| <b>Change in Net Position</b>                             |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                                   | \$ 969,814                  | \$ 1,361,173         | \$ 1,165,145         | \$ 1,089,493         | \$ 1,192,423         | \$ 1,330,656         | \$ 1,328,609         | \$ 1,133,770         | \$ 890,401           | \$ 1,251,382         |
| Business-type activities                                  | 1,672                       | 773                  | 1,950                | (6,140)              | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>Total district</b>                                     | <u>\$ 971,486</u>           | <u>\$ 1,361,946</u>  | <u>\$ 1,167,095</u>  | <u>\$ 1,083,353</u>  | <u>\$ 1,192,423</u>  | <u>\$ 1,330,656</u>  | <u>\$ 1,328,609</u>  | <u>\$ 1,133,770</u>  | <u>\$ 890,401</u>    | <u>\$ 1,251,382</u>  |

NORTH CALDWELL BOARD OF EDUCATION  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (Unaudited)  
 (modified accrual basis of accounting)

|                                    | 2010 |           | 2011      |           | 2012 |           | 2013 |           | Fiscal Years Ended June 30, |           | 2014 |           | 2015 |           | 2016      |           | 2017 |           | 2018 |           | 2019      |  |    |           |  |    |           |  |  |         |
|------------------------------------|------|-----------|-----------|-----------|------|-----------|------|-----------|-----------------------------|-----------|------|-----------|------|-----------|-----------|-----------|------|-----------|------|-----------|-----------|--|----|-----------|--|----|-----------|--|--|---------|
|                                    |      |           |           |           |      |           |      |           |                             |           |      |           |      |           |           |           |      |           |      |           |           |  |    |           |  |    |           |  |  |         |
| General Fund                       |      |           |           |           |      |           |      |           |                             |           |      |           |      |           |           |           |      |           |      |           |           |  |    |           |  |    |           |  |  |         |
| Reserved                           | \$   | 1,167,913 |           |           |      |           |      |           |                             |           |      |           |      |           |           |           |      |           |      |           |           |  |    |           |  |    |           |  |  |         |
| Unreserved                         |      | 15,936    |           |           |      |           |      |           |                             |           |      |           |      |           |           |           |      |           |      |           |           |  |    |           |  |    |           |  |  |         |
| Restricted                         |      |           | 1,890,727 |           | \$   | 2,516,998 |      | \$        | 2,642,968                   |           | \$   | 2,928,884 |      | \$        | 3,045,951 |           | \$   | 3,579,532 |      | \$        | 4,402,742 |  | \$ | 5,526,406 |  | \$ | 6,839,956 |  |  |         |
| Committed                          |      |           | 40,518    |           |      |           |      |           | 83,300                      |           |      | -         |      |           |           |           |      |           |      |           | 47,113    |  |    |           |  |    | 13,764    |  |  | 56,887  |
| Assigned                           |      |           | 6,308     |           |      | 6,274     |      |           | 40,677                      |           |      | 162,634   |      |           | 258,512   |           |      | 243,384   |      |           | 264,816   |  |    |           |  |    | 241,465   |  |  | 253,424 |
| Unassigned                         |      |           | 150,000   |           |      | 30,063    |      |           | 129,101                     |           |      | 131,201   |      |           | 136,388   |           |      | 134,093   |      |           | 127,019   |  |    |           |  |    | 123,135   |  |  | 113,206 |
| Total general fund                 | \$   | 1,183,849 | \$        | 2,087,553 | \$   | 2,553,335 | \$   | 2,896,046 | \$                          | 3,222,719 | \$   | 3,440,851 | \$   | 3,957,009 | \$        | 4,841,690 | \$   | 5,904,770 | \$   | 7,263,473 |           |  |    |           |  |    |           |  |  |         |
| All Other Governmental Funds       |      |           |           |           |      |           |      |           |                             |           |      |           |      |           |           |           |      |           |      |           |           |  |    |           |  |    |           |  |  |         |
| Reserved                           | \$   | 26        |           |           |      |           |      |           |                             |           |      |           |      |           |           |           |      |           |      |           |           |  |    |           |  |    |           |  |  |         |
| Unreserved                         |      |           | 35,761    |           | \$   | 20,721    |      | \$        | 1                           |           | \$   | 384,347   |      | \$        | 465,699   |           | \$   | 541,197   |      | \$        | 891,225   |  | \$ | 90,223    |  | \$ | 90,223    |  |  |         |
| Restricted                         |      |           |           |           |      |           |      |           |                             |           |      |           |      |           |           |           |      |           |      |           |           |  |    |           |  |    |           |  |  |         |
| Committed                          |      |           |           |           |      |           |      |           |                             |           |      |           |      |           |           |           |      |           |      |           |           |  |    |           |  |    |           |  |  |         |
| Assigned                           |      |           |           |           |      |           |      |           |                             |           |      |           |      |           |           |           |      |           |      |           |           |  |    |           |  |    |           |  |  |         |
| Unassigned                         |      |           |           |           |      |           |      |           |                             |           |      |           |      |           |           |           |      |           |      |           |           |  |    |           |  |    |           |  |  |         |
| Total all other governmental funds | \$   | 26        | \$        | 35,761    | \$   | 20,721    | \$   | 1         | \$                          | 384,347   | \$   | 465,699   | \$   | 541,197   | \$        | 891,225   | \$   | 90,223    | \$   | 90,223    |           |  |    |           |  |    |           |  |  |         |

Beginning with Fiscal Year 2012, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**NORTH CALDWELL BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

|   | Fiscal Years Ended June 30, |                   |                   |                   |                   |                   |                   |                     |                   |                     |
|---|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|
|   | 2010                        | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              | 2017                | 2018              | 2019                |
| <b>Revenues</b>   |                             |                   |                   |                   |                   |                   |                   |                     |                   |                     |
| Tax levy  | \$ 10,707,933               | \$ 11,135,058     | \$ 11,444,877     | \$ 11,698,449     | \$ 11,932,354     | \$ 12,154,672     | \$ 12,412,679     | \$ 12,548,075       | \$ 12,951,128     | \$ 13,332,286       |
| Tuition   | 106,804                     | 181,723           | 213,746           | 218,571           | 98,326            | 73,200            | 113,574           | 106,331             | 105,600           | 140,951             |
| Rent and Royalties  | 6,760                       | 2,625             | 13,538            | 11,440            | 7,425             | 8,500             | 8,075             | 13,675              | 10,220            | 10,070              |
| Interest earnings   | 11,348                      | 11,361            | 8,203             | 10,013            | 11,605            | 13,157            | 13,522            | 23,644              | 88,567            | 174,926             |
| Miscellaneous   | 240,839                     | 30,344            | 38,698            | 58,833            | 50,669            | 43,164            | 28,651            | 87,801              | 24,724            | 83,950              |
| State sources   | 1,309,141                   | 1,071,785         | 1,253,835         | 1,500,067         | 1,377,245         | 1,671,786         | 1,793,970         | 1,822,722           | 2,143,359         | 2,472,917           |
| Federal sources   | 314,634                     | 157,759           | 152,902           | 152,088           | 146,642           | 153,905           | 204,235           | 208,845             | 247,083           | 246,936             |
| <b>Total revenue</b>                                      | <u>12,697,459</u>           | <u>12,590,655</u> | <u>13,125,799</u> | <u>13,649,461</u> | <u>13,624,266</u> | <u>14,118,384</u> | <u>14,574,706</u> | <u>14,811,093</u>   | <u>15,570,681</u> | <u>16,462,036</u>   |
| <b>Expenditures</b>                                       |                             |                   |                   |                   |                   |                   |                   |                     |                   |                     |
| <b>Instruction</b>  |                             |                   |                   |                   |                   |                   |                   |                     |                   |                     |
| Regular Instruction                                       | 4,170,578                   | 4,223,395         | 4,666,011         | 5,083,355         | 5,052,410         | 5,233,329         | 5,462,619         | 5,463,837           | 5,741,707         | 5,646,418           |
| Special education instruction                             | 2,607,026                   | 2,606,078         | 2,635,320         | 2,452,885         | 2,658,653         | 2,542,115         | 2,595,450         | 2,726,154           | 2,972,330         | 3,263,386           |
| School sponsored activities and athletics                 | 980                         | 3,499             | 8,148             |                   |                   |                   |                   |                     |                   |                     |
| <b>Support Services:</b>                                  |                             |                   |                   |                   |                   |                   |                   |                     |                   |                     |
| Student & inst. related services                          | 1,317,002                   | 1,270,087         | 1,267,395         | 1,372,414         | 1,251,836         | 1,342,039         | 1,317,464         | 1,467,514           | 1,745,871         | 1,894,544           |
| General administration services                           | 398,452                     | 379,141           | 472,601           | 474,114           | 419,025           | 463,094           | 432,990           | 424,593             | 536,749           | 499,438             |
| School administration services                            | 483,636                     | 432,237           | 449,384           | 474,229           | 461,999           | 486,898           | 518,710           | 529,804             | 575,288           | 608,607             |
| Business / Central services                               | 266,926                     | 311,545           | 378,977           | 370,224           | 395,405           | 410,885           | 427,126           | 480,273             | 484,756           | 520,563             |
| Plant operations and maintenance                          | 1,184,874                   | 999,200           | 1,060,118         | 1,299,000         | 1,192,383         | 1,299,254         | 1,400,324         | 1,387,709           | 1,531,975         | 1,479,350           |
| Pupil transportation                                      | 603,845                     | 474,117           | 433,407           | 406,809           | 433,571           | 404,087           | 396,305           | 261,352             | 309,711           | 468,449             |
| Special Schools   | 8,246                       |                   |                   |                   |                   |                   |                   |                     |                   |                     |
| Capital outlay  | 91,516                      | 67,556            | 428,846           | 515,665           | 166,540           | 754,474           | 545,087           | 154,773             | 751,241           | 90,003              |
| <b>Debt service:</b>                                      |                             |                   |                   |                   |                   |                   |                   |                     |                   |                     |
| Principal   | 556,312                     | 650,247           | 645,000           | 675,000           | 685,000           | 700,000           | 720,000           | 535,000             | 535,000           | 530,000             |
| Interest and other charges                                | 357,829                     | 234,114           | 229,850           | 209,924           | 196,425           | 182,725           | 166,975           | 145,375             | 123,975           | 102,575             |
| Cost of Issuance of Refunding Bond                        |                             | 91,317            |                   |                   |                   |                   |                   |                     |                   |                     |
| Payment to Refunding Bond Escrow Agent                    |                             | 389,394           |                   |                   |                   |                   |                   |                     |                   |                     |
| <b>Total expenditures</b>                                 | <u>12,047,222</u>           | <u>12,131,927</u> | <u>12,675,057</u> | <u>13,333,619</u> | <u>12,913,247</u> | <u>13,818,900</u> | <u>13,983,050</u> | <u>13,576,384</u>   | <u>15,308,603</u> | <u>15,103,333</u>   |
| Excess (Deficiency) of revenues over (under) expenditures | 650,237                     | 458,728           | 450,742           | 315,842           | 711,019           | 299,484           | 591,656           | 1,234,709           | 262,078           | 1,358,703           |
| <b>Other Financing sources (uses)</b>                     |                             |                   |                   |                   |                   |                   |                   |                     |                   |                     |
| Payments to Refunding Escrow Agent                        |                             | (6,720,000)       |                   |                   |                   |                   |                   |                     |                   |                     |
| Refunding Bond Proceeds                                   |                             | 6,775,000         |                   |                   |                   |                   |                   |                     |                   |                     |
| Premium on Issuance of Refunding Bonds                    |                             | 425,711           |                   |                   |                   |                   |                   |                     |                   |                     |
| Premium on Temporary Notes                                |                             |                   |                   |                   |                   |                   |                   |                     |                   |                     |
| Transfers in  | 37                          |                   |                   | 6,149             | 407,905           | 370,500           | 477,394           | 506,179             | 80,762            |                     |
| Transfers out   | (37)                        |                   |                   |                   | (407,905)         | (370,500)         | (477,394)         | (506,179)           | (80,762)          |                     |
| <b>Total other financing sources (uses)</b>               | <u>-</u>                    | <u>480,711</u>    | <u>-</u>          | <u>6,149</u>      | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>            | <u>-</u>          | <u>-</u>            |
| <b>Net change in fund balances</b>                        | <u>\$ 650,237</u>           | <u>\$ 939,439</u> | <u>\$ 450,742</u> | <u>\$ 321,991</u> | <u>\$ 711,019</u> | <u>\$ 299,484</u> | <u>\$ 591,656</u> | <u>\$ 1,234,709</u> | <u>\$ 262,078</u> | <u>\$ 1,358,703</u> |
| Debt service as a percentage of noncapital expenditures   | 7.65%                       | 11.31%            | 7.14%             | 6.90%             | 6.91%             | 6.76%             | 6.60%             | 5.07%               | 4.53%             | 4.21%               |

\* Noncapital expenditures are total expenditures less capital outlay.



**NORTH CALDWELL BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

| <u>Fiscal<br/>Year<br/>Ended<br/>June 30</u> | <u>Interest<br/>on<br/>Deposits</u> | <u>Rent<br/>and<br/>Royalties</u> | <u>Miscellaneous</u> | <u>Tuition</u> | <u>Prior Year<br/>Cancelled<br/>Payables</u> | <u>Total</u> |
|--|-------------------------------------|-----------------------------------|----------------------|----------------|--|--------------|
| 2010   | \$ 11,311                           | \$ 6,760                          |                      | \$ 106,804     | \$ 240,839                                   | \$ 365,714   |
| 2011   | 11,361                              | 2,625                             | \$ 30,344            | 181,723        |  | 226,053      |
| 2012   | 8,203                               | 13,538                            | 17,977               | 213,746        |  | 253,464      |
| 2013   | 10,013                              | 11,440                            | 58,833               | 218,571        |  | 298,857      |
| 2014   | 11,605                              | 7,425                             | 50,669               | 98,326         |  | 168,025      |
| 2015   | 13,157                              | 8,500                             | 43,164               | 73,200         |  | 138,021      |
| 2016   | 13,522                              | 8,075                             | 28,651               | 113,574        |  | 163,822      |
| 2017   | 23,644                              | 13,675                            | 87,801               | 106,331        |  | 231,451      |
| 2018   | 88,567                              | 10,220                            | 24,724               | 105,600        |  | 229,111      |
| 2019   | 174,926                             | 10,070                            | 83,950               | 140,951        |  | 409,897      |

Source: School District's Financial Statements

**NORTH CALDWELL BOARD OF EDUCATION  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (Unaudited)**

| Fiscal<br>Year<br>Ended<br>June 30, | Vacant Land   | Residential      | Farm Reg.  | Qfarm    | Commercial    | Industrial   | Apartment  | Total Assessed Value | Public<br>Utilities | Net Valuation<br>Taxable | Estimated Actual<br>(County<br>Equalized) Value | Total<br>Direct<br>Local<br>School<br>Tax Rate <sup>a</sup> |
|-------------------------------------|---------------|------------------|------------|----------|---------------|--------------|------------|----------------------|---------------------|--------------------------|---|---|
| 2010                                | \$ 36,736,800 | \$ 1,568,711,600 | \$ 642,900 | \$ 4,000 | \$ 29,817,300 | \$ 2,916,300 |            | \$ 1,638,828,900     | \$ 761,600          | \$ 1,639,590,500         | \$ 1,835,275,774                                | \$ 0.680  |
| 2011                                | 31,687,700    | 1,517,159,000    | 474,200    | 4,000    | 27,941,000    | 2,916,300    |            | 1,580,182,200        | 568,100             | 1,580,750,300            | 1,705,642,135                                   | 0.724   |
| 2012                                | 27,965,000    | 1,477,834,400    | 424,000    | 4,000    | 25,749,200    | 2,916,300    |            | 1,534,892,900        | 572,300             | 1,535,465,200            | 1,629,143,891                                   | 0.762   |
| 2013                                | 32,703,600    | 1,479,925,700    | 424,000    | 4,000    | 23,679,100    | 2,697,500    |            | 1,539,433,900        | 618,900             | 1,540,052,800            | 1,603,705,860                                   | 0.775   |
| 2014                                | 24,013,300    | 1,511,273,300    | 228,500    | 5,700    | 23,217,700    | 2,697,500    |            | 1,561,436,000        | 528,800             | 1,561,964,800            | 1,627,465,417                                   | 0.778   |
| 2015                                | 19,041,700    | 1,535,025,600    |            |          | 24,426,700    | 2,697,500    |            | 1,581,191,500        | 517,500             | 1,581,709,000            | 1,676,062,829                                   | 0.785   |
| 2016                                | 20,618,600    | 1,542,944,100    |            |          | 24,707,200    | 2,500,000    | \$ 459,500 | 1,591,229,400        | 472,000             | 1,591,701,400            | 1,729,088,755                                   | 0.789   |
| 2017                                | 20,877,800    | 1,551,406,800    |            |          | 24,931,500    | 2,500,000    |            | 1,599,716,100        | 468,700             | 1,600,184,800            | 1,762,595,194                                   | 0.809   |
| 2018                                | 26,662,700    | 1,557,840,400    |            |          | 24,439,500    | 2,500,000    |            | 1,611,442,600        | 461,900             | 1,611,904,500            | 1,817,249,973                                   | 0.827   |
| 2019                                | 23,117,500    | 1,568,618,800    |            |          | 24,439,500    | 2,500,000    |            | 1,618,675,800        | 468,300             | 1,619,144,100            | 1,813,766,467                                   | 0.838   |

N/A - Not available

Source: County Abstract of Ratables

<sup>a</sup> Tax rates are per \$100

NORTH CALDWELL BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
(Unaudited)  
(rate per \$100 of assessed value)

| Calendar<br>Year | Total<br>Direct<br>Local<br>School<br>Tax<br>Rate | Overlapping Rates                   |              |          | Total    |
|------------------|---|-------------------------------------|--------------|----------|----------|
|                  |   | Regional<br>High School<br>District | Municipality | County   |          |
| 2010             | \$ 0.680  | \$ 0.450                            | \$ 0.340     | \$ 0.460 | \$ 1.930 |
| 2011             | 0.724   | 0.475                               | 0.363        | 0.474    | 2.036    |
| 2012             | 0.762   | 0.475                               | 0.381        | 0.494    | 2.112    |
| 2013             | 0.775   | 0.500                               | 0.380        | 0.510    | 2.165    |
| 2014             | 0.778   | 0.500                               | 0.384        | 0.545    | 2.207    |
| 2015             | 0.785   | 0.508                               | 0.384        | 0.553    | 2.230    |
| 2016             | 0.789   | 0.508                               | 0.384        | 0.567    | 2.248    |
| 2017             | 0.809   | 0.527                               | 0.391        | 0.573    | 2.300    |
| 2018             | 0.827   | 0.571                               | 0.391        | 0.570    | 2.359    |
| 2019             | 0.838   | 0.562                               | 0.398        | 0.545    | 2.343    |

Source: Tax Duplicate, Borough of North Caldwell

**NORTH CALDWELL BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

| Taxpayer                      | 2019                         |  | 2010                         |  |
|-------------------------------|------------------------------|--|------------------------------|--|
|                               | Taxable<br>Assessed<br>Value | % of Total<br>District Net<br>Assessed Value | Taxable<br>Assessed<br>Value | % of Total<br>District Net<br>Assessed Value |
| Pulte Homes of NJ, LP         | \$ 13,514,100                | 0.83%  |                              |  |
| Greenbrook Country Club       | 12,000,000                   | 0.74%  | \$17,956,800                 | 1.10%  |
| Individual Taxpayer           | 3,247,600                    | 0.20%  | 4,079,500                    | 0.25%  |
| Individual Taxpayer           | 2,824,000                    | 0.17%  | 5,055,700                    | 0.31%  |
| Hidden Ridge at Caldwell, LLC |                              |  | 3,900,000                    | 0.24%  |
| Individual Taxpayer           | 2,563,000                    | 0.16%  | 3,372,900                    | 0.21%  |
| Heller Property Partners, LP  | 2,500,000                    | 0.15%  |                              |  |
| Individual Taxpayer           | 2,470,900                    | 0.15%  | 3,291,500                    | 0.20%  |
| K. Hovnanian                  |                              |  | 21,642,200                   | 1.32%  |
| PSEG Services Corp            | 2,320,000                    | 0.14%  |                              |  |
| The Crossing LLC              | 2,227,100                    | 0.14%  |                              |  |
| Individual Taxpayer           |                              |  | 2,961,400                    | 0.18%  |
| Individual Taxpayer           |                              |  | 2,944,499                    | 0.18%  |
| Individual Taxpayer           |                              |  | 2,906,500                    | 0.18%  |
| Eddie 1 LLC                   | 2,213,000                    | 0.14%  |                              |  |
|                               | <u>\$ 45,879,700</u>         | <u>2.83%</u>                                 | <u>\$68,110,999</u>          | <u>4.15%</u>                                 |

Source: Municipal Tax Assessor

**NORTH CALDWELL BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

| Fiscal<br>Year<br>Ended<br>June 30, | Local School<br>Taxes Levied for<br>the Fiscal Year | Collected within the Fiscal Year<br>of the Levy |                       | Collections in<br>Subsequent<br>Years |
|-------------------------------------|---|---|-----------------------|---------------------------------------|
|                                     |   | Amount  | Percentage<br>of Levy |                                       |
| 2010                                | \$ 10,707,933                                       | \$ 10,707,933                                   | 100.00%               |                                       |
| 2011                                | 11,135,058  | 11,135,058                                      | 100.00%               |                                       |
| 2012                                | 11,444,877  | 11,444,877                                      | 100.00%               |                                       |
| 2013                                | 11,698,449  | 11,698,449                                      | 100.00%               |                                       |
| 2014                                | 11,932,354  | 11,932,354                                      | 100.00%               |                                       |
| 2015                                | 12,154,672  | 12,154,672                                      | 100.00%               |                                       |
| 2016                                | 12,412,679  | 12,412,679                                      | 100.00%               |                                       |
| 2017                                | 12,548,075  | 12,548,075                                      | 100.00%               |                                       |
| 2018                                | 12,951,128  | 12,951,128                                      | 100.00%               |                                       |
| 2019                                | 13,332,286  | 13,332,286                                      | 100.00%               |                                       |

**NORTH CALDWELL BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

| Fiscal<br>Year<br>Ended<br>June 30, | <u>Governmental Activities</u> |                                    |                | Population | Per Capita |
|-------------------------------------|--------------------------------|------------------------------------|----------------|------------|------------|
|                                     | General Obligation<br>Bonds    | Intergovernmental<br>Loans Payable | Total District |            |            |
| 2010                                | \$ 7,715,000                   | \$ 5,247                           | \$ 7,720,247   | 6,178      | \$ 1,250   |
| 2011                                | 7,125,000                      | -                                  | 7,125,000      | 6,199      | 1,149      |
| 2012                                | 6,480,000                      | -                                  | 6,480,000      | 6,259      | 1,035      |
| 2013                                | 5,805,000                      | -                                  | 5,805,000      | 6,355      | 913        |
| 2014                                | 5,120,000                      | -                                  | 5,120,000      | 6,548      | 782        |
| 2015                                | 4,420,000                      | -                                  | 4,420,000      | 6,621      | 668        |
| 2016                                | 3,700,000                      | -                                  | 3,700,000      | 6,627      | 558        |
| 2017                                | 3,165,000                      | -                                  | 3,165,000      | 6,622      | 478        |
| 2018                                | 2,630,000                      | -                                  | 2,630,000      | 6,618      | 397        |
| 2019                                | 2,100,000                      | -                                  | 2,100,000      | 6,618 (1)  | 317        |

(1) - estimated

Source: District records

**NORTH CALDWELL BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

| <u>General Bonded Debt Outstanding</u> |                            |            |   |  |                         |
|--|----------------------------|------------|---|--|-------------------------|
| Fiscal<br>Year<br>Ended<br>June 30,    | General<br>Obligation Debt | Deductions | Net General<br>Bonded Debt<br>Outstanding | Percentage of<br>Actual Taxable<br>Value <sup>a</sup> of<br>Property | Per Capita <sup>b</sup> |
| 2010                                   | \$ 7,720,247               |            | \$ 7,720,247                              | 0.47%  | \$ 1,250                |
| 2011                                   | 7,125,000                  |            | 7,125,000                                 | 0.45%  | 1,149                   |
| 2012                                   | 6,480,000                  |            | 6,480,000                                 | 0.42%  | 1,035                   |
| 2013                                   | 5,805,000                  |            | 5,805,000                                 | 0.38%  | 913                     |
| 2014                                   | 5,120,000                  |            | 5,120,000                                 | 0.33%  | 782                     |
| 2015                                   | 4,420,000                  | \$ 1       | 4,419,999                                 | 0.28%  | 668                     |
| 2016                                   | 3,700,000                  | 1          | 3,699,999                                 | 0.23%  | 558                     |
| 2017                                   | 3,165,000                  | 1          | 3,164,999                                 | 0.20%  | 478                     |
| 2018                                   | 2,630,000                  | 1          | 2,629,999                                 | 0.16%  | 397                     |
| 2019                                   | 2,100,000                  | 1          | 2,099,999                                 | 0.13%  | 317                     |

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**NORTH CALDWELL BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT  
FOR YEAR ENDED DECEMBER 31, 2018  
(Unaudited)**

|   | <u>Gross Debt</u>    | <u>Deductions</u>   | <u>Net Debt</u>      |
|---|----------------------|---------------------|----------------------|
| Municipal Debt: (1)                               |                      |                     |                      |
| West Essex Regional High School                   | \$ 2,409,120         | \$ 2,409,120        |                      |
| Borough of North Caldwell School District         | 2,630,000            | 2,630,000           |                      |
| Borough of North Caldwell                         | <u>11,436,255</u>    | <u>607,964</u>      | <u>\$ 10,828,291</u> |
|   | <u>\$ 16,475,375</u> | <u>\$ 5,647,084</u> | <u>10,828,291</u>    |
| Overlapping Debt Apportioned to the Municipality: |                      |                     |                      |
| Essex County (3);(A):                             |                      |                     | 10,622,422           |
| Essex County Utilities Authority (2) (A)          |                      |                     | <u>686,624</u>       |
|   |                      |                     | <u>11,309,046</u>    |
| Total Direct and Overlapping Debt                 |                      |                     | <u>\$ 22,137,337</u> |

(A) The debt for this entity was apportioned to the Borough of North Caldwell by dividing the Municipality's 2018 equalized value by the total 2018 equalized value for Essex County.

Sources:

- (1) Borough of North Caldwell 2018 Annual Debt Statement
- (2) Essex County Utilities Authority 2018 audit
- (3) Essex County 2018 Annual Debt Statement



**NORTH CALDWELL BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

**Legal Debt Margin Calculation for Fiscal Year 2019**

Equalized valuation basis  
2018  
2017  
2016

|  |                         |
|--|-------------------------|
|  | \$ 1,803,920,967        |
|  | 1,802,293,939           |
|  | <u>1,751,490,809</u>    |
|  | <u>\$ 5,357,705,715</u> |

Average equalized valuation of taxable property

|  |                         |
|--|-------------------------|
|  | <u>\$ 1,785,901,905</u> |
|--|-------------------------|

Debt limit (2.5% of average equalization value)

|  |               |
|--|---------------|
|  | \$ 44,647,548 |
|--|---------------|

Total Net Debt Applicable to Limit

|  |           |
|--|-----------|
|  | 2,100,000 |
|--|-----------|

Legal debt margin

|  |                      |
|--|----------------------|
|  | <u>\$ 42,547,548</u> |
|--|----------------------|

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 |
| Debt limit  | \$ 44,569,618        | \$ 44,731,990        | \$ 43,744,679        | \$ 41,991,015        | \$ 40,624,359        | \$ 40,442,684        | \$ 41,437,940        | \$ 42,677,511        | \$ 43,918,603        | \$ 44,647,548        |
| Total net debt applicable to limit                                      | <u>7,720,563</u>     | <u>7,125,000</u>     | <u>6,480,000</u>     | <u>5,805,000</u>     | <u>5,120,000</u>     | <u>4,420,000</u>     | <u>3,700,000</u>     | <u>3,165,000</u>     | <u>2,630,000</u>     | <u>2,100,000</u>     |
| Legal debt margin   | <u>\$ 36,849,055</u> | <u>\$ 37,606,990</u> | <u>\$ 37,264,679</u> | <u>\$ 36,186,015</u> | <u>\$ 35,504,359</u> | <u>\$ 36,022,684</u> | <u>\$ 37,737,940</u> | <u>\$ 39,512,511</u> | <u>\$ 41,288,603</u> | <u>\$ 42,547,548</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 17.32%               | 15.93%               | 14.81%               | 13.82%               | 12.60%               | 10.93%               | 8.93%                | 7.42%                | 5.99%                | 4.70%                |

Source: Annual Debt Statements

**NORTH CALDWELL BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

| <u>Year Ended<br/>December 31,</u> | <u>Unemployment<br/>Rate</u> | <u>Per Capita<br/>Income (1)</u> | <u>School<br/>District<br/>Population</u> |
|------------------------------------|------------------------------|----------------------------------|---|
| 2010                               | 6.7%                         | \$ 51,884                        | 6,178                                     |
| 2011                               | 6.4%                         | 54,078                           | 6,199                                     |
| 2012                               | 6.6%                         | 54,783                           | 6,259                                     |
| 2013                               | 3.1%                         | 55,369                           | 6,355                                     |
| 2014                               | 3.6%                         | 57,817                           | 6,548                                     |
| 2015                               | 3.1%                         | 60,131                           | 6,621                                     |
| 2016                               | 2.7%                         | 61,287                           | 6,627                                     |
| 2017                               | 2.7%                         | 63,554                           | 6,622                                     |
| 2018                               | 2.2%                         | N/A                              | 6,618                                     |
| 2019                               | N/A                          | N/A                              | 6,618 (2)                                 |

Source: United States Bureau of Census  
School District Records

(1) Represents per capita income of the County of Essex

(2) Estimated

N/A - not available

**NORTH CALDWELL BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

|                 | <u>2019</u>      |   | <u>2010</u>      |   |
|-----------------|------------------|---|------------------|---|
| <u>Employer</u> | <u>Employees</u> | <u>Percentage of Total<br/>Municipal Employment</u> | <u>Employees</u> | <u>Percentage of Total<br/>Municipal Employment</u> |

**NOT AVAILABLE**

**NORTH CALDWELL BOARD OF EDUCATION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (Unaudited)**

| <b>Function/Program</b>                  | <b>2010</b>  | <b>2011</b>  | <b>2012</b>  | <b>2013</b>  | <b>2014</b>  | <b>2015</b>  | <b>2016</b>  | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instruction                              |              |              |              |              |              |              |              |              |              |              |
| Regular                                  | 46.0         | 44.0         | 45.4         | 48.2         | 53.0         | 53.0         | 53.4         | 52.8         | 50.4         | 50.4         |
| Special education                        | 36.3         | 34.8         | 36.8         | 37.1         | 37.0         | 38.0         | 40.0         | 39.0         | 43.0         | 43.0         |
| Other instruction                        | 3.0          | 9.0          | 9.0          | 7.3          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          |
| Support Services:                        |              |              |              |              |              |              |              |              |              |              |
| Student and instruction related services | 4.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          |
| General administration Services          | 3.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          |
| School administrative Services           | 8.2          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          |
| Other Administrative Services            | 1.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          |
| Administrative Technology                | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| Plant operations and maintenance         | 7.2          | 6.0          | 6.0          | 6.5          | 6.5          | 7.5          | 7.5          | 7.5          | 7.5          | 7.5          |
| Other Support Services                   | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          |
| <b>Total</b>                             | <b>111.7</b> | <b>107.8</b> | <b>111.2</b> | <b>113.1</b> | <b>116.5</b> | <b>118.5</b> | <b>120.9</b> | <b>119.3</b> | <b>120.9</b> | <b>120.9</b> |

Source: District Personnel Records

NORTH CALDWELL BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)

Pupil/Teacher Ratio

| Fiscal Year | Enrollment <sup>a</sup> | Operating Expenditures <sup>b</sup> | Cost Per Pupil <sup>c</sup> | Percentage Change | Teaching Staff | Pupil/Teacher Ratio |               |                    | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|----------------|---------------------|---------------|--------------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
|             |                         |                                     |                             |                   |                | Elementary          | Middle School | Senior High School |                                |                                |                                      |                               |
| 2010        | 640.0                   | \$ 11,041,565                       | \$ 17,252                   | -1.14%            | 46.0           | 1:14:0              | N/A           | N/A                | 640.0                          | 614.4                          | 4.17%                                | 96.00%                        |
| 2011        | 662.0                   | 10,699,299                          | 16,162                      | -6.32%            | 41.2           | 1:16:0              | N/A           | N/A                | 670.1                          | 637.8                          | 4.70%                                | 95.18%                        |
| 2012        | 675.0                   | 11,371,361                          | 16,846                      | 4.23%             | 43.4           | 1:15:5              | N/A           | N/A                | 675.5                          | 650.0                          | 0.81%                                | 96.23%                        |
| 2013        | 676.0                   | 11,933,030                          | 17,652                      | 4.78%             | 48.2           | 1:14:0              | N/A           | N/A                | 686.4                          | 659.1                          | 1.61%                                | 96.02%                        |
| 2014        | 670.0                   | 11,865,282                          | 17,709                      | 0.32%             | 53.0           | 1:12.6              | N/A           | N/A                | 672.5                          | 646.5                          | 2.03%                                | 96.14%                        |
| 2015        | 658.0                   | 12,181,701                          | 18,513                      | 4.54%             | 53.0           | 1:12.4              | N/A           | N/A                | 663.2                          | 635.5                          | -1.38%                               | 95.82%                        |
| 2016        | 673.0                   | 12,550,988                          | 18,649                      | 0.74%             | 53.4           | 1:12.4              | N/A           | N/A                | 685.0                          | 647.1                          | 3.29%                                | 94.47%                        |
| 2017        | 690.0                   | 12,741,236                          | 18,466                      | -0.99%            | 52.8           | 1:12.4              | N/A           | N/A                | 684.8                          | 652.2                          | -0.03%                               | 95.24%                        |
| 2018        | 666.0                   | 13,898,387                          | 20,868                      | 13.01%            | 50.4           | 1:12.4              | N/A           | N/A                | 674.7                          | 646.3                          | -1.47%                               | 95.79%                        |
| 2019        | 667.0                   | 14,380,755                          | 21,560                      | 3.32%             | 50.4           | 1:132               | N/A           | N/A                | 670.7                          | 641.9                          | -0.59%                               | 95.71%                        |

Sources: District records

- Note:
- a Enrollment based on annual October district count.
  - b Operating expenditures equal total expenditures less debt service and capital outlay.
  - c Cost per pupil represents operating expenditures divided by enrollment.

**NORTH CALDWELL BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

|  | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b><u>District Building</u></b>              |        |        |        |        |        |        |        |        |        |        |
| <b><u>Grandview Elementary School</u></b>    |        |        |        |        |        |        |        |        |        |        |
| Square Feet                                  | 52,430 | 52,430 | 52,430 | 52,430 | 52,430 | 52,430 | 52,430 | 52,430 | 52,430 | 52,430 |
| Capacity (students)                          | 385    | 385    | 385    | 385    | 385    | 385    | 385    | 385    | 385    | 385    |
| Enrollment                                   | 367    | 381    | 390    | 400    | 397    | 385    | 391    | 410    | 397    | 400    |
| <b><u>Gould Elementary/Middle School</u></b> |        |        |        |        |        |        |        |        |        |        |
| Square Feet                                  | 34,175 | 34,175 | 34,175 | 34,175 | 34,175 | 34,175 | 34,175 | 34,175 | 34,175 | 34,175 |
| Capacity (students)                          | 327    | 327    | 327    | 327    | 327    | 327    | 327    | 327    | 327    | 327    |
| Enrollment                                   | 277    | 281    | 285    | 276    | 273    | 273    | 282    | 278    | 288    | 278    |

Number of Schools at June 30, 2019

Elementary = 2

Source: District Records

**NORTH CALDWELL BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
FOR THE LAST TEN FISCAL YEARS**

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

|                               | Project # (s) | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              | 2017              | 2018              | 2019              |
|-------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| *School Facilities            |               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Building A - Gould School     | N/A           | \$ 134,139        | \$ 108,114        | \$ 121,971        | \$ 285,144        | \$ 170,667        | \$ 200,665        | \$ 257,412        | \$ 206,767        | \$ 228,194        | \$ 231,648        |
| Building B - Grandview School | N/A           | <u>133,668</u>    | <u>107,507</u>    | <u>124,682</u>    | <u>188,995</u>    | <u>122,988</u>    | <u>155,868</u>    | <u>222,062</u>    | <u>205,498</u>    | <u>182,974</u>    | <u>212,703</u>    |
| Grand Total                   |               | <u>\$ 267,807</u> | <u>\$ 215,621</u> | <u>\$ 246,653</u> | <u>\$ 474,139</u> | <u>\$ 293,655</u> | <u>\$ 356,533</u> | <u>\$ 479,474</u> | <u>\$ 412,265</u> | <u>\$ 411,168</u> | <u>\$ 444,351</u> |

Source: School District Records

**NORTH CALDWELL BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2019  
(Unaudited)**

|   | <u>Coverage</u>   | <u>Deductible</u> |
|---|-------------------|-------------------|
| <b><u>School Commercial Package Policy - NJSIG</u></b>            |                   |                   |
| Property - Real and Personal Property (per occurrence fund limit) | \$ 500,000,000    | \$ 5,000          |
| General Liability (per occurrence)                                | 11,000,000        | N/A               |
| Electronic Data Processing (per occurrence)                       | 1,000,000         | 1,000             |
| Equipment Breakdown (per accident)                                | 100,000,000       | 5,000             |
| Crime - Employee Dishonesty                                       | 250,000           | 1,000             |
| Auto Liability (per accident)                                     | 11,000,000        | N/A               |
| Auto Physical Damage  | Actual Cash Value | 1,000             |
| <br><b><u>School Board Legal Liability - NJSIG</u></b>            |                   |                   |
| Errors and Omissions  | \$ 11,000,000     | \$ 5,000          |
| <br><b><u>Workers Compensation - MEIG</u></b>                     |                   |                   |
| Employers Liability   | \$ 1,000,000      | N/A               |
| Disease (each employee)   | 1,000,000         | N/A               |
| Disease (policy limit)  | 1,000,000         | N/A               |
| <br><b><u>Public Official Bonds - CNA &amp; NJSIG</u></b>         |                   |                   |
| Treasurer of School Monies  | \$ 200,000        | \$ 1,000          |
| Business Administrator/Board Secretary                            | 125,000           | N/A               |
| <br><b><u>Student Accident Insurance - BMI Benefits</u></b>       |                   |                   |
| Base Limit  | \$ 1,000,000      | N/A               |
| Catastrophic Limit  | 1,000,000         | N/A               |
| Voluntary Limit   | 500,000           | N/A               |
| <br><b><u>Excess Liability - NJUEP</u></b>                        |                   |                   |
| Per Occurrence Limit  | \$ 29,000,000     | N/A               |
| Aggregate Limit   | 29,000,000        | N/A               |

Source: School District's Records



**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
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SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

**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 Trustees  
North Caldwell Board of Education  
North Caldwell, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Caldwell Board of Education as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the North Caldwell Board of Education's basic financial statements and have issued our report thereon dated November 14, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the North Caldwell Board of Education'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 North Caldwell Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Caldwell Board of Education's internal control.

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

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

**Compliance and Other Matters**

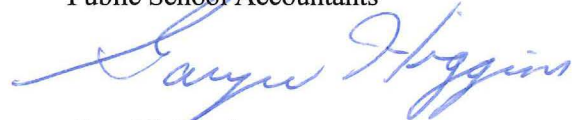
As part of obtaining reasonable assurance about whether the North Caldwell Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Caldwell Board of Education’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 North Caldwell Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 14, 2019





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
North Caldwell Board of Education  
North Caldwell, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the North Caldwell 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 North Caldwell Board of Education's major state programs for the fiscal year ended June 30, 2019. The North Caldwell 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 state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the North Caldwell Board of Education'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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular 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 North Caldwell Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major State Program***

In our opinion, the North Caldwell 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 fiscal year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of the North Caldwell 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 North Caldwell Board of Education'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 the 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 North Caldwell 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 the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the North Caldwell Board of Education, as of and for the fiscal year ended June 30, 2019 have issued our report thereon dated November 14, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 14, 2019

**NORTH CALDWELL BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| <u>Federal/Grantor/Pass-Through Grantor/<br/>Program Title</u>                       | <u>Federal<br/>CFDA<br/>Number</u> | <u>FAIN<br/>Number</u> | <u>Grant or State<br/>Project Number</u> | <u>Grant<br/>Period</u> | <u>Award<br/>Amount</u> | <u>Balance<br/>July 1, 2018</u> | <u>A/R<br/>Carryover<br/>Amount</u> | <u>Def. Rev.<br/>Carryover<br/>Amount</u> | <u>Cash<br/>Received</u> | <u>Budgetary<br/>Expenditures</u> | <u>(Accounts<br/>Receivable)</u> | <u>June 30, 2019<br/>Deferred<br/>Revenue</u> | <u>Due to<br/>Grantor</u> | <u>Memo<br/>GAAP<br/>Receivable</u> |
|--|------------------------------------|------------------------|--|-------------------------|-------------------------|---------------------------------|-------------------------------------|---|--------------------------|-----------------------------------|----------------------------------|---|---------------------------|-------------------------------------|
| <b>U.S. Department of Education<br/>Passed-through State Department of Education</b> |                                    |                        |  |                         |                         |                                 |                                     |   |                          |                                   |                                  |   |                           |                                     |
| <b>Special Revenue Fund</b>  |                                    |                        |  |                         |                         |                                 |                                     |   |                          |                                   |                                  |   |                           |                                     |
| I.D.E.A. Part B-Basic  | 84.027                             | H027A180100            | FT-3630-19                               | 7/1/18-6/30/19          | \$ 140,936              |                                 |                                     |   | \$ 140,936               | \$ 140,936                        |                                  |   |                           |                                     |
| I.D.E.A. Part B-Preschool  | 84.173                             | H173A180114            | PS-3630-19                               | 7/1/18-6/30/19          | 7,138                   |                                 |                                     |   | 7,138                    | 7,138                             |                                  |   |                           |                                     |
| <b>Total Special Education Cluster (IDEA)</b>  |                                    |                        |  |                         |                         |                                 |                                     |   |                          | <u>148,074</u>                    |                                  |   |                           |                                     |
| ESEA Title I   | 84.010                             | S010A180030            | ESEA-3630-19                             | 7/1/18-6/30/19          | 72,174                  |                                 |                                     |   | 72,174                   | 72,174                            |                                  |   |                           |                                     |
| ESEA Title IIA   | 84.367A                            | S367A180029            | ESEA-3630-19                             | 7/1/18-6/30/19          | 16,688                  |                                 |                                     |   | 16,688                   | 16,688                            |                                  |   |                           |                                     |
| ESEA Title IV  | 84.424                             | S424A180031            | ESEA-3630-19                             | 7/1/18-6/30/19          | 10,000                  | -                               | -                                   | -   | 10,000                   | 10,000                            | -                                | -   | -                         | -                                   |
| <b>Total U.S. Department of Education</b>  |                                    |                        |  |                         |                         | -                               | -                                   | -   | 246,936                  | 246,936                           | -                                | -   | -                         | -                                   |
| <b>Total</b>   |                                    |                        |  |                         |                         | \$ -                            | \$ -                                | \$ -                                      | \$ 246,936               | \$ 246,936                        | \$ -                             | \$ -  | \$ -                      | \$ -                                |

Note: This schedule was not subject to an audit in accordance with U.S. Uniform Guidance

The Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of this Schedule.

NORTH CALDWELL BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| State Grantor/Program Title   | Grant or State Project Number | Grant Period   | Balance at June 30, 2018 |                       |                  |               |                        | Balance at June 30, 2019 |                       |                  |                | Memo            |                               |   |                          |
|---|-------------------------------|----------------|--------------------------|-----------------------|------------------|---------------|------------------------|--------------------------|-----------------------|------------------|----------------|-----------------|-------------------------------|---|--------------------------|
|   |                               |                | Award Amount             | (Accounts Receivable) | Deferred Revenue | Cash Received | Budgetary Expenditures | Cancelled                | (Accounts Receivable) | Deferred Revenue | Due to Grantor | GAAP Receivable | Cumulative Total Expenditures |   |                          |
| <b>State Department of Education</b>  |                               |                |                          |                       |                  |               |                        |                          |                       |                  |                |                 | *                             |   |                          |
| Current Expense   |                               |                |                          |                       |                  |               |                        |                          |                       |                  |                |                 | *                             |   |                          |
| Special Education Categorical Aid   | 18-495-034-5120-089           | 7/1/17-6/30/18 | \$ 127,099               | \$ (12,196)           |                  | \$ 12,196     |                        |                          |                       |                  |                |                 |                               | * |                          |
| Special Education Categorical Aid   | 19-495-034-5120-089           | 7/1/18-6/30/19 | 265,382                  |                       |                  | 241,082       | \$ 265,382             |                          | \$ (24,300)           |                  |                |                 |                               | * | \$ 265,382               |
| Security Aid  | 18-495-034-5120-084           | 7/1/17-6/30/18 | 48,882                   | (4,691)               |                  | 4,691         |                        |                          |                       |                  |                |                 |                               | * |                          |
| Security Aid  | 19-495-034-5120-084           | 7/1/18-6/30/19 | 51,981                   |                       |                  | 47,221        | 51,981                 |                          | (4,760)               |                  |                |                 |                               | * | 51,981                   |
| Professional Learning Community Aid   | 18-495-034-5120-101           | 7/1/17-6/30/18 | 6,430                    | (617)                 |                  | 617           |                        |                          |                       |                  |                |                 |                               | * |                          |
| PARCC Readiness Aid   | 18-495-034-5120-098           | 7/1/17-6/30/18 | 6,540                    | (628)                 |                  | 628           |                        |                          |                       |                  |                |                 |                               | * |                          |
| Per Pupil Growth Aid  | 18-495-034-5120-097           | 7/1/17-6/30/18 | 6,540                    | (628)                 |                  | 628           |                        |                          |                       |                  |                |                 |                               | * |                          |
| Total State Aid Public Cluster  |                               |                |                          |                       |                  |               | 317,363                |                          |                       |                  |                |                 |                               | * | 317,363                  |
| Transportation Aid  | 18-495-034-5120-014           | 7/1/17-6/30/18 | 84,466                   | (8,105)               |                  | 8,105         |                        |                          |                       |                  |                |                 |                               | * |                          |
| Transportation Aid  | 19-495-034-5120-014           | 7/1/18-6/30/19 | 84,466                   |                       |                  | 76,732        | 84,466                 |                          | (7,734)               |                  |                |                 |                               | * | 84,466                   |
| Extraordinary Sp. Ed. Aid   | 18-100-034-5120-044           | 7/1/17-6/30/18 | 339,248                  | (339,248)             |                  | 339,248       |                        |                          |                       |                  |                |                 |                               | * |                          |
| Extraordinary Sp. Ed. Aid   | 19-100-034-5120-044           | 7/1/18-6/30/19 | 394,608                  |                       |                  |               | 394,608                |                          | (394,608)             |                  |                |                 |                               | * | 394,608                  |
| TPAF Social Security Tax  | 18-495-034-5094-003           | 7/1/17-6/30/18 | 359,268                  | (17,846)              |                  | 17,846        |                        |                          |                       |                  |                |                 |                               | * |                          |
| TPAF Social Security Tax  | 19-495-034-5094-003           | 7/1/18-6/30/19 | 367,215                  |                       |                  | 348,323       | 367,215                |                          | (18,892)              |                  |                |                 |                               | * | \$ (18,892) 367,215      |
| TPAF Pension On-Behalf Normal Costs   | 19-495-034-5094-002           | 7/1/18-6/30/19 | 925,685                  |                       |                  | 925,685       | 925,685                |                          |                       |                  |                |                 |                               | * | 925,685                  |
| TPAF Pension On-Behalf NCGI Premium   | 19-495-034-5094-004           | 7/1/18-6/30/19 | 19,377                   |                       |                  | 19,377        | 19,377                 |                          |                       |                  |                |                 |                               | * | 19,377                   |
| TPAF Pension On-Behalf Long-Term Disability Insurance                                 | 19-495-034-5094-004           | 7/1/18-6/30/19 | 813                      |                       |                  | 813           | 813                    |                          |                       |                  |                |                 |                               | * | 813                      |
| TPAF Pension On-Behalf PRM Contr.   | 19-495-034-5094-001           | 7/1/18-6/30/19 | 428,679                  | -                     | -                | 428,679       | 428,679                | -                        | -                     | -                | -              | -               | -                             | * | 428,679                  |
| Total General Fund  |                               |                |                          | (383,959)             | -                | 2,471,871     | 2,538,206              | -                        | (450,294)             | -                | -              | -               | -                             | * | (18,892) 2,538,206       |
| Total State Financial Assistance Subject to Single Audit Determination                |                               |                |                          | (383,959)             | -                | 2,471,871     | 2,538,206              | -                        | (450,294)             | -                | -              | -               | -                             | * | (18,892) 2,538,206       |
| <b>State Financial Assistance</b>   |                               |                |                          |                       |                  |               |                        |                          |                       |                  |                |                 | *                             |   |                          |
| Not Subject to Single Audit Determination   |                               |                |                          |                       |                  |               |                        |                          |                       |                  |                |                 | *                             |   |                          |
| General Fund  |                               |                |                          |                       |                  |               |                        |                          |                       |                  |                |                 | *                             |   |                          |
| TPAF Pension On-Behalf Normal Costs   | 19-495-034-5094-002           | 7/1/18-6/30/19 |                          |                       |                  | (925,685)     | (925,685)              |                          |                       |                  |                |                 |                               | * | (925,685)                |
| TPAF Pension On-Behalf NCGI Premium   | 19-495-034-5094-004           | 7/1/18-6/30/19 |                          |                       |                  | (19,377)      | (19,377)               |                          |                       |                  |                |                 |                               | * | (19,377)                 |
| TPAF Pension On-Behalf Long-Term Disability Insurance                                 | 19-495-034-5094-004           | 7/1/18-6/30/19 |                          |                       |                  | (813)         | (813)                  |                          |                       |                  |                |                 |                               | * | (813)                    |
| TPAF Pension On-Behalf PRM Contr.   | 19-495-034-5094-001           | 7/1/18-6/30/19 |                          |                       |                  | (428,679)     | (428,679)              | -                        | -                     | -                | -              | -               | -                             | * | (428,679)                |
| Total State Financial Assistance Utilized for Calculation to Determine Major Programs |                               |                |                          | \$ (383,959)          | \$ -             | \$ 1,097,317  | \$ 1,163,652           | \$ -                     | \$ (450,294)          | \$ -             | \$ -           | \$ -            | \$ -                          | * | \$ (18,892) \$ 1,163,652 |

The Notes to the Schedule of Expenditures of State Financial Assistance are an Integral Part of this Schedule.



**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the North Caldwell Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$65,289 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

|                            | <u>Federal</u>    | <u>State</u>        | <u>Total</u>        |
|----------------------------|-------------------|---------------------|---------------------|
| General Fund               |                   | \$ 2,472,917        | \$ 2,472,917        |
| Special Revenue Fund       | \$ 246,936        | -                   | 246,936             |
| Total Financial Assistance | <u>\$ 246,936</u> | <u>\$ 2,472,917</u> | <u>\$ 2,719,853</u> |

**NORTH CALDWELL BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$367,215 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$945,062 , TPAF Post-Retirement Medical Benefits Contributions in the amount of \$428,679 and TPAF Long-Term Disability Insurance in the amount of \$813 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.



**NORTH CALDWELL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

***Part 2 – Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**NORTH CALDWELL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major state programs, as required by New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

There are none.

**NORTH CALDWELL BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards* and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2018-001**

Our audit of T.P.A.F. FICA reimbursements revealed the salaries used to determine the amount reimbursed by the State for FICA included certain non-pensionable wages.

**Current Status**

Corrective action was taken.