

CLOSTER BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Closter, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Closter Board of Education
Closter, New Jersey
For The Fiscal Year Ended June 30, 2020**

**Prepared by
Closter Board of Education
Business Office**

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INTRODUCTORY SECTION

CLOSTER PUBLIC SCHOOLS

340 Homans Avenue • Closter, New Jersey 07624



Vincent McHale
Superintendent of Schools

Floro M. Villanueva Jr.
Business Administrator/Board Secretary

January 19, 2021

Honorable President and
Members of the Board of Trustees
Closter Board of Education
Closter, New Jersey 07624

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Closter School District (the "District") for the fiscal year ended June 30, 2020 is hereby submitted. This Comprehensive Annual Financial Report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material 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 basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of NJ OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Closter Public Schools is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 34. All funds of the District are included in this report. The Closter Board of Education, Hillside Elementary School and Tenakill Middle School constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. It completed the 2019-2020 fiscal year with an enrollment of 1,223 students, which is 10 less students than the previous year. The following details the changes in the District's student enrollment over the last 10 years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	1,138	(1.47)
2011-2012	1,127	(0.97)
2012-2013	1,123	(0.35)
2013-2014	1,118	(0.44)
2014-2015	1,120	0.18
2015-2016	1,114	(0.54)
2016-2017	1,155	3.68
2017-2018	1,167	1.04
2018-2019	1,233	5.65
2019-2020	1,223	(0.81)

2. ECONOMIC CONDITION AND OUTLOOK: Known as, "The Historic Hub of the Northern Valley," the Borough of Closter is situated below the Palisades in the northeastern part of Bergen County, New Jersey. Closter is a stable, attractive community with an estimated population of 8,511. The median household income of its residents is \$132,544, and the average home is assessed at \$658,000. Approximately 90% of Closter's working residents are employed in the following job types: management, business and financial operations; professional and related; sales and office; service. Furthermore, 95% of Closter's adult population graduated from high school and 63% have a bachelor's degree or higher. As of the 2010 United States Census, nearly 32% of Closter's residents are of Asian origins. Although Closter is located just 15 miles from New York City, it maintains a local pride in its community, its schools, and in the many services that it offers its residents.

3. MAJOR INITIATIVES: In the 2019-2020 school year, the Closter Public Schools continued with its third year of a six-day rotation of its schedule (A-F). This allows for providing more opportunities and courses within the schedule and maintaining the high standards and expectations for the district.

The mathematics committees in both schools examined textbooks for K-5 and 6-8 classrooms. Social emotional learning and comprehensive health have become a focus in the district with Advisory class and increased health instruction in the middle school and increased health and SEL in the general education setting in the elementary school.

Professional development highlighted techniques in collaborative teaching for math, science, language arts, and social studies and providing welcoming practices for LGBTQ students.

Overall, Closter examined its Future Ready practices with a self-study, reflecting on personalized learning goals for both staff and students. Closter aligns its instructional goals with best practices in educational technology. One project that has begun in 2019-2020 is the switch to Promethean Boards from outdated Smart Boards and the increased use of Chromebooks over iPads and Macbooks. Multiple online programs augment delivering the curriculum, particularly during the move to remote and virtual classrooms.

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 (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. Project-length budgets are approved for capital improvements and 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 a reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020.

6. 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.

7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, pollution liability, commercial automobile, school board legal liability, crime, workers compensation, and surety bonds.

8. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The auditing firm selected by the Board is Lerch, Vinci, Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of NJ OMB Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to Government Auditing Standards and the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS: We would like to express our sincere appreciation to the members of the Closter Board of Education for their prudent fiscal stewardship. Their concerns for fiscal accountability and transparency on behalf of the citizens and taxpayers of Closter should be commended. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office.

Respectfully submitted,

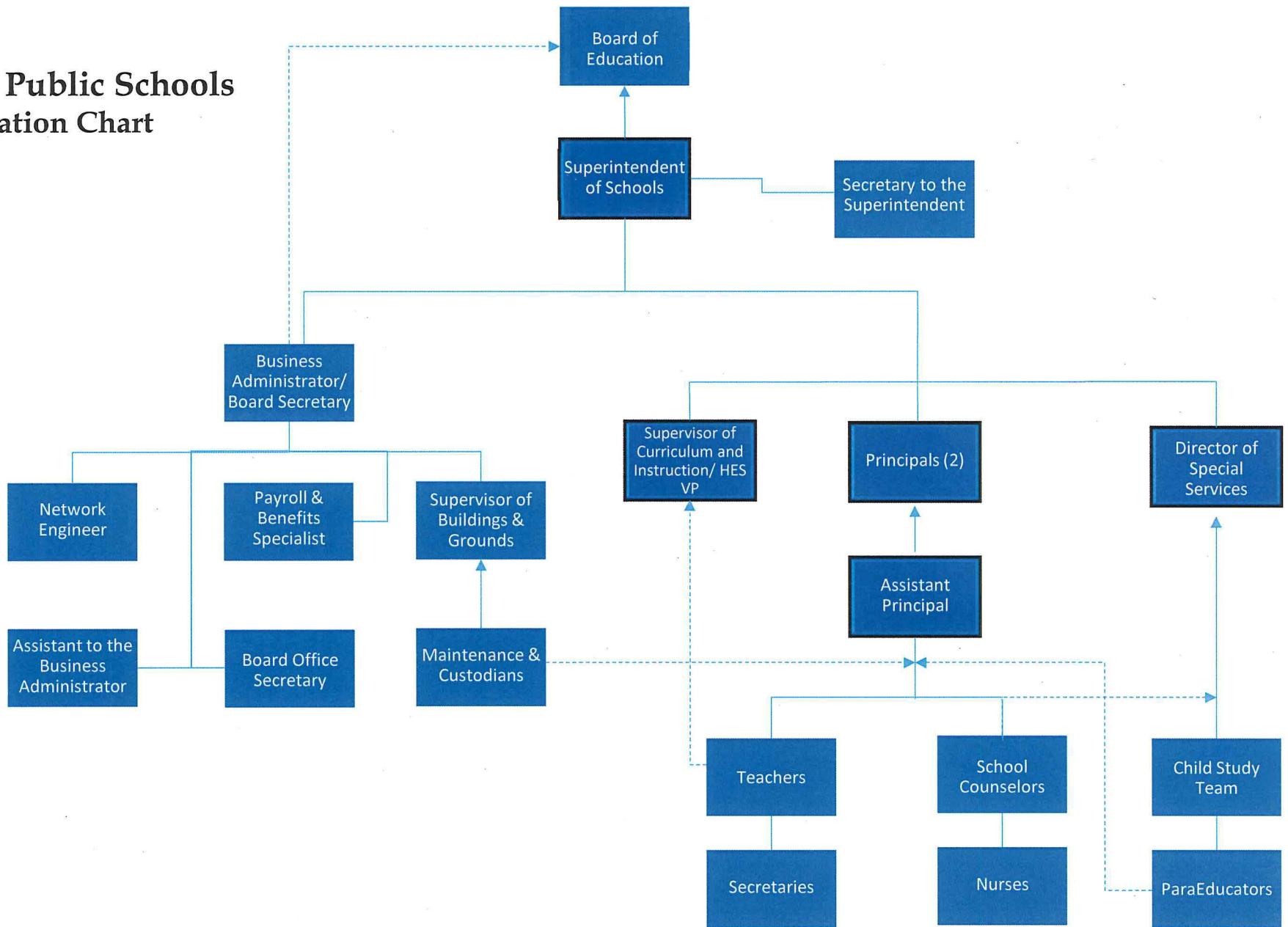


Vincent McHale
Superintendent of Schools
Closter Public Schools



Floro M. Villanueva Jr.
Business Administrator / Board Secretary
Closter Public Schools

Cluster Public Schools Organization Chart



Indicates evaluative capacity as defined by ACHIEVE NJ

**CLOSTER BOARD OF EDUCATION
BERGEN COUNTY, NEW JERSEY**

Roster of Officials

President	Term Expires
Gregg Lambert	2020
Vice-President	
Melody Finkelstein	2020
Members of the Board of Education	
Michele Bhagat	2021
Magaly Cross	2022
Ruchi Kothari	2022
Chris Kwon	2020
Sung Min Lee	2021
Anthony Linn	2021
Janine Micera	2022
Superintendent of Schools	
Vincent McHale	
School Business Administrator/Board Secretary	
Floro M. Villanueva Jr.	

CLOSTER BOARD OF EDUCATION
Consultants and Advisors

Architect

Di Cara/Rubino
30 Galesi Drive – West Wing
Wayne, NJ 07470

Audit Firm

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

Attorney

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, NJ 07410

Official Depository

Capital One Bank
710 Route 46 East
Fairfield, NJ 07004

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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education, as of and for the fiscal year ended June 30, 2020 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education as of June 30, 2020, 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 Closter Board of Education's basic financial statements. The introductory section, combining and individual nonmajor 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 Closter Board of Education.

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

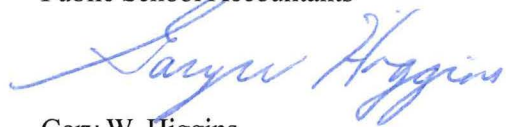
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2021 on our consideration of the Closter 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 solely 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 Closter 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 Closter 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
January 19, 2021

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

This discussion and analysis of the Closter School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2020. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements including the 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. Certain comparative information between the current year (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2020 are as follows:

- General revenues accounted for \$20,300,345 or 75 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,749,451 or 25 percent of total revenues of \$27,049,796.
- The School District had \$26,259,408 in total expenses; only \$6,749,451 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$20,300,345 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$25,167,636 in revenues and \$24,251,027 in expenditures. The General Fund's fund balance increased \$916,609 from June 30, 2019.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

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.

The Statement of Net Position and Statement of Activities provide 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 fund financial statements also look at significant funds with all other non-major funds presented in one total column. 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 2019/20? The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets and deferred outflows of resources and 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 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 is divided into two distinct kinds of activities:

- **Governmental Activities** – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation, capital outlay, and debt service activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business-type activity.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

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 and Debt Service Fund. The proprietary funds include the Food Service Fund which is a non-major 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.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

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, 2020 and 2019.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

**Table 1
Net Position
as of June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Current and Other Assets	\$ 5,622,301	\$ 4,234,474	\$ 8,488	\$ 2,307	\$ 5,630,789	\$ 4,236,781
Capital Assets	13,792,809	14,196,910	-	-	13,792,809	14,196,910
Total Assets	<u>19,415,110</u>	<u>18,431,384</u>	<u>8,488</u>	<u>2,307</u>	<u>19,423,598</u>	<u>18,433,691</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding	12,885	17,179			12,885	17,179
Deferred Amount on Pension Liability	540,780	855,727	-	-	540,780	855,727
Total Deferred Outflows of Resources	<u>553,665</u>	<u>872,906</u>	<u>-</u>	<u>-</u>	<u>553,665</u>	<u>872,906</u>
Liabilities						
Long-Term Liabilities	5,287,232	5,831,752			5,287,232	5,831,752
Other Liabilities	632,350	162,748	-	-	632,350	162,748
Total Liabilities	<u>5,919,582</u>	<u>5,994,500</u>	<u>-</u>	<u>-</u>	<u>5,919,582</u>	<u>5,994,500</u>
Deferred Inflows of Resources						
Deferred Amount on Pension Liability	1,531,506	1,576,310	-	-	1,531,506	1,576,310
Total Deferred Inflows of Resources	<u>1,531,506</u>	<u>1,576,310</u>	<u>-</u>	<u>-</u>	<u>1,531,506</u>	<u>1,576,310</u>
Net Position						
Net Investment in Capital						
Assets	12,725,694	12,859,089			12,725,694	12,859,089
Restricted	3,311,096	2,767,421			3,311,096	2,767,421
Unrestricted	(3,519,103)	(3,893,030)	8,488	2,307	(3,510,615)	(3,890,723)
Total Net Position	<u>\$ 12,517,687</u>	<u>\$ 11,733,480</u>	<u>\$ 8,488</u>	<u>\$ 2,307</u>	<u>\$ 12,526,175</u>	<u>\$ 11,735,787</u>

The District's combined net position was \$12,526,175 and \$11,735,787 on June 30, 2020 and 2019, respectively.

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

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

**Table 2
Changes in Net Position
For the Years Ended June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues						
Charges for Services	\$ 477,638	\$ 503,526	\$ 7,830	\$ 13,176	\$ 485,468	\$ 516,702
Grants and Contributions	6,261,406	6,988,349	2,577	6,269	6,263,983	6,994,618
General Revenues						
Property Taxes	20,185,772	19,378,557			20,185,772	19,378,557
State Aid	-	2,598			-	2,598
Other	114,520	101,674	53	258	114,573	101,932
Total Revenues	<u>27,039,336</u>	<u>26,974,704</u>	<u>10,460</u>	<u>19,703</u>	<u>27,049,796</u>	<u>26,994,407</u>
Expenses						
Instruction	18,248,264	18,182,320			18,248,264	18,182,320
Support Services						
Student and Instructional Related Svcs.	2,642,524	2,842,579			2,642,524	2,842,579
General and School Administration, Business / Central Services	2,548,642	2,707,985			2,548,642	2,707,985
Plant Operations and Maintenance	2,474,510	2,602,352			2,474,510	2,602,352
Pupil Transportation	306,668	347,314			306,668	347,314
Interest on Debt	34,521	41,072			34,521	41,072
Food Service	-	-	4,279	38,741	4,279	38,741
Total Expenses	<u>26,255,129</u>	<u>26,723,622</u>	<u>4,279</u>	<u>38,741</u>	<u>26,259,408</u>	<u>26,762,363</u>
Change in Net Position	784,207	251,082	6,181	(19,038)	790,388	232,044
Beginning of Year, Net Position	<u>11,733,480</u>	<u>11,482,398</u>	<u>2,307</u>	<u>21,345</u>	<u>11,735,787</u>	<u>11,503,743</u>
Ending of Year, Net Position	<u>\$ 12,517,687</u>	<u>\$ 11,733,480</u>	<u>\$ 8,488</u>	<u>\$ 2,307</u>	<u>\$ 12,526,175</u>	<u>\$ 11,735,787</u>

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

Governmental Activities

Property taxes made up 75 and 72 percent of revenues for governmental activities for the Closter School District in the fiscal years 2020 and 2019, respectively. The District's total governmental revenues were \$27,039,336 and \$26,974,704 for the years ended June 30, 2020 and 2019, respectively. Federal, state, and local grants and aid accounted for another 23 and 26 percent of governmental revenue for the years ended June 30, 2020 and 2019, respectively. Charges for services (tuition) made up another 2 percent for both fiscal years. The total costs of all governmental programs and services was \$26,255,129 and \$26,723,622 for the years ended June 30, 2020 and 2019, respectively. Instruction comprises 70 and 68 percent of District expenses for the years ended June 30, 2020 and 2019, respectively.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal reimbursements.

- Food service revenues exceeded expenses by \$6,181.
- Charges for services of \$7,830 represent 75 percent of revenue. This represents amounts paid for daily milk service.
- Federal reimbursement for milk was \$2,577.

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 for the fiscal years ended June 30, 2020 and 2019. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3
Total and Net Cost of Services of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction	\$ 18,248,264	\$ 18,182,320	\$ 12,299,124	\$ 11,663,516
Support Services				
Student and Instruction Related Svcs.	2,642,524	2,842,579	2,555,714	2,672,829
General Administration, School Administration, Business / Central Services	2,548,642	2,707,985	2,032,536	2,129,213
Plant Operations and Maintenance	2,474,510	2,602,352	2,382,176	2,476,436
Pupil Transportation	306,668	347,314	212,014	248,681
Interest and Other Charges	34,521	41,072	34,521	41,072
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 26,255,129	\$ 26,723,622	\$ 19,516,085	\$ 19,231,747

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

Governmental Activities (Cont.)

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

Student and instruction related services 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/central services 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.

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 and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$25,884,527 and \$24,686,334 and expenditures were \$24,967,918 and \$24,429,917 for the years ended June 30, 2020 and 2019, respectively. During the fiscal year ended June 30, 2020, revenues exceeded expenses by \$916,609.

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 fund revenues for the fiscal years ended June 30, 2020 and 2019.

<u>Revenue</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>June 30, 2020</u>	<u>June 30, 2019</u>		
Local Sources	\$ 20,838,965	\$ 20,088,766	\$ 750,199	3.73%
State Sources	4,696,549	4,248,697	447,852	10.54%
Federal Sources	<u>349,013</u>	<u>348,871</u>	<u>142</u>	0.04%
Total	<u>\$ 25,884,527</u>	<u>\$ 24,686,334</u>	<u>\$ 1,198,193</u>	4.85%

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

The District's Funds (Cont.)

The following schedule represents a summary of the governmental fund expenditures for the fiscal years ended June 30, 2020 and 2019.

<u>Expenditures</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>June 30, 2020</u>	<u>June 30, 2019</u>		
Current				
Instruction	\$ 17,145,235	\$ 16,225,809	\$ 919,426	5.67%
Support Services	7,072,270	7,346,095	(273,825)	-3.73%
Capital Outlay	443,570	539,590	(96,020)	-17.79%
Debt Service:				
Principal	275,000	280,000	(5,000)	-1.79%
Interest	<u>31,843</u>	<u>38,423</u>	<u>(6,580)</u>	-17.13%
 Total Expenditures	 <u>\$ 24,967,918</u>	 <u>\$ 24,429,917</u>	 <u>\$ 538,001</u>	 2.20%

General Fund Budgeting Highlights

The District's annual school budget is prepared according to New Jersey Statutes. The most significant budgetary fund is the General Fund. The school budget is approved only after an exhaustive review of each appropriation account. The budget - first and foremost - supports student achievement and outstanding academic programs.

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.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

Capital Assets

At the end of fiscal years 2020 and 2019, the District's governmental activities had \$13,792,809 and \$14,196,910, respectively invested in land, buildings, furniture, equipment and vehicles, net of accumulated depreciation. Table 4 shows fiscal year 2020 balances compared to 2019.

**Table 4
Capital Assets**

	June 30	
	2020	2019
Land	\$ 26,600	\$ 26,600
Improvements Other Than Buildings	395,390	360,515
Buildings and Improvements	24,458,980	24,265,787
Machinery and Equipment	1,305,536	1,194,739
	26,186,506	25,847,641
Less: Accumulated Depreciation	(12,393,697)	(11,650,731)
 Total	 \$ 13,792,809	 \$ 14,196,910

Overall capital assets, net of accumulated depreciation, decreased \$404,101 from fiscal year 2019 to fiscal year 2020 as a result of depreciation and losses on disposal of capital assets exceeding capital asset additions.

Additional information on Closter School District's Capital Assets can be found in Note 4 of this report.

Debt Administration

At June 30, 2020 and 2019, the District had \$5,287,232 and \$5,831,752, respectively of long-term liabilities. Table 5 reflects the District's outstanding liabilities at June 30, 2020 and 2019.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

**Table 5
Outstanding Liabilities**

	June 30	
	<u>2020</u>	<u>2019</u>
2013 Refunding Bonds	\$ 1,080,000	\$ 1,355,000
Net Pension Liability	3,809,331	4,104,566
Compensated Absences	397,901	372,186
Total	\$ 5,287,232	\$ 5,831,752

At June 30, 2020, the District's overall remaining legal debt margin was \$65,610,642.

Additional information on Closter School District's Long-Term Debt can be found in Note 4 of this report.

For the Future

The Closter Public Schools are thankful for the community's support and for the continued generosity of the Closter PTO. The district's most important goal is student achievement. To that end, the Closter Public Schools make every effort to meet the needs of all its children, despite significant cuts in state aid and unfunded mandates.

The Closter Public Schools are committed to educational excellence and fiscal integrity. Our system for financial planning, budgeting, and internal financial controls is audited annually. The Closter Public Schools shall continue to manage its financial resources prudently in order to meet the education challenges of the 21st century.

Contacting the District's Financial Management

If you have questions about this report or need additional information, please contact the School Business Administrator, Closter Board of Education, 340 Homans Avenue, Closter, NJ 07624.

DISTRICT WIDE FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2020**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,530,846	\$ 8,488	\$ 5,539,334
Receivables, net			
Other Accounts Receivable	15,094		15,094
Receivables from Other Governments	76,336	-	76,336
Due from Other Funds	25		25
Capital Assets Not Being Depreciated	26,600		26,600
Capital Assets Being Depreciated	13,766,209		13,766,209
	<u>19,415,110</u>	<u>8,488</u>	<u>19,423,598</u>
Total Assets			
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding	12,885		12,885
Deferred Amount on Net Pension Liability	540,780		540,780
	<u>553,665</u>	<u>-</u>	<u>553,665</u>
Total Deferred Outflows of Resources			
LIABILITIES			
Accounts Payable	622,114		622,114
Unearned Revenue	3,891		3,891
Accrued Interest Payable	6,345		6,345
Noncurrent Liabilities			
Due Within One Year	270,000		270,000
Due Beyond One Year	5,017,232		5,017,232
	<u>5,919,582</u>	<u>-</u>	<u>5,919,582</u>
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	1,531,506		1,531,506
	<u>1,531,506</u>	<u>-</u>	<u>1,531,506</u>
Total Deferred Inflows of Resources			
NET POSITION			
Net Investment in Capital Assets	12,725,694		12,725,694
Restricted for:			
Capital Projects	3,311,096		3,311,096
Unrestricted	(3,519,103)	8,488	(3,510,615)
	<u>\$ 12,517,687</u>	<u>\$ 8,488</u>	<u>\$ 12,526,175</u>
Total Net Position			

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

**CLOSTER BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 11,542,724	\$ 319,188	\$ 3,175,340	\$ (8,048,196)		\$ (8,048,196)	
Special Education	5,112,201	158,450	1,849,993	(3,103,758)		(3,103,758)	
Other Instruction	1,483,011		416,633	(1,066,378)		(1,066,378)	
School Sponsored Activities and Athletics	110,328		29,536	(80,792)		(80,792)	
Support Services							
Student and Instruction Related Svcs.	2,642,524		86,810	(2,555,714)		(2,555,714)	
General Administration Services	588,670		83,946	(504,724)		(504,724)	
School Administration Services	1,125,058		211,250	(913,808)		(913,808)	
Business/Central Services	834,914		220,910	(614,004)		(614,004)	
Plant Operations and Maintenance	2,474,510		92,334	(2,382,176)		(2,382,176)	
Pupil Transportation	306,668		94,654	(212,014)		(212,014)	
Interest on Long-Term debt	34,521			(34,521)		(34,521)	
Total Governmental Activities	26,255,129	477,638	6,261,406	(19,516,085)	-	(19,516,085)	
Business-Type Activities							
Food Service	4,279	7,830	2,577	-	\$ 6,128	6,128	
Total Business-Type Activities	4,279	7,830	2,577	-	6,128	6,128	
Total Primary Government	\$ 26,259,408	\$ 485,468	\$ 6,263,983	\$ -	(19,516,085)	6,128	(19,509,957)
General Revenues:							
Property Taxes, Levied for General Purposes				19,878,929		19,878,929	
Property Taxes Levied for Debt Service				306,843		306,843	
Interest Earnings				38,251	53	38,304	
Miscellaneous Income				76,269	-	76,269	
Total General Revenues				20,300,292	53	20,300,345	
Change in Net Position				784,207	6,181	790,388	
Net Position, Beginning of Year				11,733,480	2,307	11,735,787	
Net Position, End of Year				\$ 12,517,687	\$ 8,488	\$ 12,526,175	

FUND FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 5,530,846			\$ 5,530,846
Receivables				
Due From Other Funds	10,220			10,220
Receivables From Governments	37,483	\$ 38,853		76,336
Receivables From Others	15,094	-	-	15,094
Total Assets	<u>\$ 5,593,643</u>	<u>\$ 38,853</u>	<u>\$ -</u>	<u>\$ 5,632,496</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 597,347	\$ 24,767		\$ 622,114
Unearned Revenue	-	3,891	-	3,891
Due To Other Funds	-	10,195	-	10,195
Total Liabilities	<u>597,347</u>	<u>38,853</u>	<u>-</u>	<u>636,200</u>
Restricted Fund Balance				
Emergency Reserve	224,913			224,913
Capital Reserve	2,771,096			2,771,096
Capital Reserve - Designated for Subsequent Year's Expenditures	540,000			540,000
Excess Surplus - Designated for Subsequent Year's Expenditures	300,000			300,000
Excess Surplus	500,000			500,000
Committed Fund Balance				
Year-End Encumbrances	223,549			223,549
Assigned Fund Balance				
Year-End Encumbrances	91,080			91,080
Unassigned Fund Balance				
General Fund	345,658	-	-	345,658
Total Fund Balances	<u>4,996,296</u>	<u>-</u>	<u>-</u>	<u>4,996,296</u>
Total Liabilities and Fund Balances	<u>\$ 5,593,643</u>	<u>\$ 38,853</u>	<u>\$ -</u>	<u>5,632,496</u>
Total Fund Balances-Governmental Funds (Exhibit B-1)				\$ 4,996,296
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 \$26,186,506 and the accumulated depreciation is \$12,393,697.				13,792,809
The District has financed capital assets through the issuance of Serial Bonds. The interest accrual at year end is:				(6,345)
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.				12,885
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	\$ 540,780		
	Deferred Inflows of Resources	<u>(1,531,506)</u>		(990,726)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.				
Long-term liabilities at year end consist of the following:				
	Bonds Payable	(1,080,000)		
	Compensated Absences	(397,901)		
	Net Pension Liability	<u>(3,809,331)</u>		(5,287,232)
Net position of governmental activities				<u>\$ 12,517,687</u>

**CLOSTER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources				
Property Taxes	\$ 19,878,929		\$ 306,843	\$ 20,185,772
Tuition Charges	477,638			477,638
Interest on Capital Reserve	3,874			3,874
Interest	34,377			34,377
Miscellaneous	76,269	\$ 61,035	-	137,304
Total - Local Sources	20,471,087	61,035	306,843	20,838,965
State Sources	4,696,549			4,696,549
Federal Sources	-	349,013	-	349,013
Total Revenues	25,167,636	410,048	306,843	25,884,527
EXPENDITURES				
Current				
Instruction				
Regular Instruction	10,702,084	72,011		10,774,095
Special Education Instruction	4,724,302	193,871		4,918,173
Other Instruction	1,349,669			1,349,669
School Sponsored Activities and Athletics	103,298			103,298
Support Services				
Student and Instruction Related Services	2,538,213	84,631		2,622,844
General Administration Services	571,140			571,140
School Administration Services	1,064,143			1,064,143
Business/Central Services	797,596			797,596
Plant Operations and Maintenance	1,709,821			1,709,821
Pupil Transportation	306,726			306,726
Debt Service				
Principal			275,000	275,000
Interest and Other Charges			31,843	31,843
Capital Outlay	384,035	59,535	-	443,570
Total Expenditures	24,251,027	410,048	306,843	24,967,918
Excess (Deficiency) of Revenues Over (Under) Expenditures	916,609	-	-	916,609
Net Changes in Fund Balances	916,609	-	-	916,609
Fund Balance, Beginning of Year	4,079,687	-	-	4,079,687
Fund Balance, End of Year	\$ 4,996,296	\$ -	\$ -	\$ 4,996,296

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

**CLOSTER BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Total net change in fund balances - governmental funds (Exhibit B-2)	\$	916,609
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital asset additions in the period.</p>		
Depreciation Expense	\$ (839,188)	
Capital Outlays	<u>443,570</u>	(395,618)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, donations) is a decrease to net position. There transactions are not reported in the governmental-fund financial statements</p>		
Loss on Disposal of Capital Assets		(8,483)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal Repayments		
Bonds Payable		275,000
<p>Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 2)</p>		
		<u>(3,301)</u>
Change in net position of governmental activities	\$	<u>784,207</u>

**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

	Business- Type Activities Enterprise Funds <hr style="border: 0.5px solid black;"/> Non - Major
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 8,488
Total Current Assets	<hr style="border: 0.5px solid black;"/> 8,488
Noncurrent Assets	
Machinery and Equipment	15,173
Less Accumulated Depreciation	<hr style="border: 0.5px solid black;"/> (15,173)
Total Noncurrent Assets	<hr style="border: 0.5px solid black;"/> -
Total Assets	<hr style="border: 0.5px solid black;"/> 8,488
NET POSITION	
Unrestricted	<hr style="border: 0.5px solid black;"/> 8,488
Total Net Position	<hr style="border: 1px solid black;"/> \$ 8,488

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

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

	Business-Type Activities
	Enterprise Fund
	Non-Major
Operating Revenues	
Charges for services	
Daily Sales	\$ 7,830
Total Operating Revenues	7,830
Operating Expenses	
Cost of Sales	4,279
Total Operating Expenses	4,279
Operating Income	3,551
Nonoperating Revenues	
Federal Sources	
Special Milk Program	2,577
Interest Earnings	53
Total Nonoperating Revenues	2,630
Net Change in Net Position	6,181
Net Position, Beginning of Year	2,307
Net Position, End of Year	\$ 8,488

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

**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-Type Activities
	Enterprise Funds
	Non-Major
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 7,830
Payments to Suppliers	(4,279)
	3,551
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Federal Sources	2,994
	2,994
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	53
	53
Net Increase in Cash and Cash Equivalents	6,598
Cash and Cash Equivalents—Beginning of Year	1,890
Cash and Cash Equivalents—End of Year	\$ 8,488
Reconciliation of Operating Loss to Net Cash Used For Operating Activities:	
Operating Income	\$ 3,551
Net Cash Provided by Operating Activities	\$ 3,551

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

**CLOSTER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,692	\$ 191,789	\$ 128,689
Total Assets	<u>1,692</u>	<u>191,789</u>	<u>\$ 128,689</u>
LIABILITIES			
Due To Other Funds			\$ 25
Due To Student Groups			118,819
Payable to State Government		\$ 6,441	
Payroll Deductions and Withholdings		-	9,845
Total Liabilities	<u>-</u>	<u>6,441</u>	<u>\$ 128,689</u>
NET POSITION			
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 1,692</u>	<u>\$ 185,348</u>	

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

**CLOSTER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Private Purpose Trust Funds	Unemployment Compensation Trust Fund
ADDITIONS		
Interest on Deposits	\$ 14	\$ 1,498
Employee Contributions	<u>-</u>	<u>39,171</u>
Total Additions	<u>14</u>	<u>40,669</u>
DEDUCTIONS		
Unemployment Claims and Contributions	<u>-</u>	<u>29,438</u>
Total Deductions	<u>-</u>	<u>29,438</u>
Change in Net Position	14	11,231
Net Position, Beginning of Year	<u>\$ 1,678</u>	<u>174,117</u>
Net Position, End of Year	<u><u>\$ 1,692</u></u>	<u><u>\$ 185,348</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Closter 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 nine 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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a Pre-Kindergarten through grade eight (8) school district.

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 Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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 Closter Board of Education this includes general operations, food service 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

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 either governmental activities or business-type 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 while business-type activities incorporate data from the District's enterprise 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, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type 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 proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, 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 and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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 *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.

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students.

Additionally, the District reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, 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”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as “internal balances”.

Reclassifications

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

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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements 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.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets 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>
Improvements Other than Buildings	5-20
Buildings	50
Building Improvements	10-20
Machinery and Equipment	5-20

4. 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 amount 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 which arises 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. 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.

6. Pensions

In the district-wide financial statements and proprietary fund types in the fund 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.

7. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are reported as deferred outflows of resources. 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.

8. 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.

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.

CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 original budget certified for taxes.

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

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3).

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2020/2021 District budget certified for taxes.

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 3).

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.

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.

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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *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.

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, federal and state grants for school-based budgeting, 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 1st 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 2018-2019 and 2019-2020 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”. The details of this \$(3,301) difference are as follows:

Compensated Absences	\$(25,715)
Accrued Interest	1,616
Amortization of Deferred Charge on Refunding	(4,294)
Net Pension Expense	<u>25,092</u>
Net Adjustment to Decrease Net Changes in Fund Balances – Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	 <u>\$ (3,301)</u>

NOTE 3 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 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 February 13, 2013, the Borough of Closter adopted a resolution to move the District’s annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 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 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$491,471. The increase was funded by additional state aid, additional grant awards, withdrawal of capital reserve funds 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.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019		\$ 2,767,421
Increased by:		
Interest earnings	\$ 3,874	
Unexpended balances from Capital Outlay	58,000	
Deposits approved by Board Resolution	<u>666,801</u>	
Total Increases		<u>728,675</u>
		3,496,096
Decreased by:		
Withdrawals - General Fund Budget		<u>185,000</u>
Balance, June 30, 2020		<u>\$ 3,311,096</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$540,000 of the capital reserve balance at June 30, 2020 was designated and appropriated for use in the 2020/2021 original budget certified for taxes.

C. 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.

The activity of the emergency reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019	\$ 250,000
Decreased by	
Withdrawals	<u>25,087</u>
Balance, June 30, 2020	<u>\$ 224,913</u>

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. 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, 2020 is \$800,000. Of this amount, \$300,000 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$500,000 will be appropriated in the 2021/2022 original budget certified for taxes.

NOTE 4 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, 2020, the book value of the Board's deposits were \$5,861,504 and bank and brokerage firm balances of the Board’s deposits amounted to \$6,097,815. The Board's deposits which are displayed on the various fund balance sheets as “cash and cash equivalents” are categorized as:

Depository Account

Insured	\$ <u>6,097,815</u>
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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, 2020 none of the Board’s bank balances were exposed to custodial credit risk.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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, 2020, 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.

B. Receivables

Receivables as of June 30, 2020 for the district’s individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental			
State	\$ 37,483		\$ 37,483
Federal		\$ 38,853	38,853
Local	15,094	-	15,094
	<hr/>	<hr/>	<hr/>
Gross Receivables	52,577	38,853	91,430
Less: Allowance for Uncollectibles	-	-	-
	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 52,577</u>	<u>\$ 38,853</u>	<u>\$ 91,430</u>

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 3,891
Total Unearned Revenue for Governmental Funds	<u>\$ 3,891</u>

D. Capital Assets

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

	Balance <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance <u>June 30, 2020</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 26,600	-	-	-	\$ 26,600
Total Capital Assets, Not Being Depreciated	<u>26,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,600</u>
Capital Assets, Being Depreciated:					
Buildings and Improvements	24,265,787	\$ 193,193			24,458,980
Improvements Other Than Buildings	360,515	34,875			395,390
Machinery and Equipment	<u>1,194,739</u>	<u>215,502</u>	\$ (104,705)	-	<u>1,305,536</u>
Total Capital Assets Being Depreciated	<u>25,821,041</u>	<u>443,570</u>	<u>(104,705)</u>	<u>-</u>	<u>26,159,906</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(10,461,725)	(738,222)			(11,199,947)
Improvements Other Than Buildings	(230,864)	(12,592)			(243,456)
Machinery and Equipment	<u>(958,142)</u>	<u>(88,374)</u>	96,222	-	<u>(950,294)</u>
Total Accumulated Depreciation	<u>(11,650,731)</u>	<u>(839,188)</u>	<u>96,222</u>	<u>-</u>	<u>(12,393,697)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,170,310</u>	<u>(395,618)</u>	<u>(8,483)</u>	<u>-</u>	<u>13,766,209</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,196,910</u>	<u>\$ (395,618)</u>	<u>\$ (8,483)</u>	<u>\$ -</u>	<u>\$ 13,792,809</u>

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2020</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 15,173	-	-	\$ 15,173
Total Capital Assets Being Depreciated	<u>15,173</u>	<u>-</u>	<u>-</u>	<u>15,173</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(15,173)	-	-	(15,173)
Total Accumulated Depreciation	<u>(15,173)</u>	<u>-</u>	<u>-</u>	<u>(15,173)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental Activities:

Instruction		
Regular		\$ 42,354
Other Instruction		<u>30,212</u>
Total Instruction		<u>72,566</u>
Support Services		
School Administrative Services		11,250
Plant Operations and Maintenance		<u>755,372</u>
Total Support Services		<u>766,622</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 839,188</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2020:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Electrical Outlet Upgrade Project at Tenakill MS	\$ -	\$ <u>70,000</u>
Total		\$ <u>70,000</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 10,195
General Fund	Payroll Agency Fund	<u>25</u>
		<u>\$ 10,220</u>

The above balances are the result of revenues earned in one fund which are due to another fund and/or to cover cash balances which were in an overdraft position.

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

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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 or 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, 2020 is comprised of the following issue:

\$2,790,000, 2013 Refunding Bonds, due in annual installments of \$270,000 through April 1, 2024, interest at 2.35%	<u>\$1,080,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 270,000	\$ 25,380	\$ 295,380
2022	270,000	19,035	289,035
2023	270,000	12,690	282,690
2024	<u>270,000</u>	<u>6,345</u>	<u>276,345</u>
Total	<u>\$ 1,080,000</u>	<u>\$ 63,450</u>	<u>\$ 1,143,450</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 66,690,642
Less: Net Debt	<u>1,080,000</u>
Remaining Borrowing Power	<u>\$ 65,610,642</u>

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 1,355,000		\$ 275,000	\$ 1,080,000	\$ 270,000
Net Pension Liability	4,104,566		295,235	3,809,331	
Compensated Absences	<u>372,186</u>	<u>\$ 68,135</u>	<u>42,420</u>	<u>397,901</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 5,831,752</u>	<u>\$ 68,135</u>	<u>\$ 612,655</u>	<u>\$ 5,287,232</u>	<u>\$ 270,000</u>

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

NOTE 5 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 Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the Group 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 Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

NESBIG provides 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 Group 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 Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	None	\$ 39,171	\$ 29,438	\$ 185,348
2019	None	30,870	34,446	174,117
2018	None	31,046	22,489	175,581

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, 2020, 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, 2020, the District has not estimated its arbitrage earnings due to the IRS, if any.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

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.

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.

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 1/55th 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 1/60th 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.

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.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

Service retirement benefits of 1/55th 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 1/60th 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 PERS 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 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.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 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, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 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 2020.

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, 2020 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 the 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 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 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 unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 205,642	\$ 2,149,326	\$ 27,696
2019	207,355	1,822,737	23,465
2018	195,278	1,405,138	22,044

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$497, \$615 and \$1,487, respectively for PERS and the State contributed \$1,575, \$1,428 and \$1,585, 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 \$733,854 during the fiscal year ended June 30, 2020 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 both 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, 2018 through June 30, 2019. 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, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$3,809,331 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .02114 percent, which was an increase of .00029 percent from its proportionate share measured as of June 30, 2018 of .02085 percent.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$180,550 for PERS. The pension contribution made by the District during the current 2019/2020 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, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. 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, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 68,373	\$ 16,828
Changes of Assumptions	380,376	1,322,207
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	60,132
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>92,031</u>	<u>132,339</u>
Total	<u>\$ 540,780</u>	<u>\$ 1,531,506</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2021	\$ (115,101)
2022	(392,800)
2023	(317,963)
2024	(151,746)
2025	(13,116)
Thereafter	<u>-</u>
	<u>\$ (990,726)</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

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

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and 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 rates 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 PERS's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 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, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 6.28%, 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 (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	1% Decrease <u>5.28%</u>	Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,811,804</u>	<u>\$ 3,809,331</u>	<u>\$ 2,964,605</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2019. A sensitivity analysis specific to the District's net pension liability at June 30, 2019 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.

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NOTE 5 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 employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. 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, 2019, 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,285,968 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, 2020 the State's proportionate share of the net pension liability attributable to the District is \$55,710,729. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .09078 percent, which was a decrease of .00238 percent from its proportionate share measured as of June 30, 2018 of .09316 percent.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and 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 TPAF's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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NOTE 5 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:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	<u>1% Decrease (4.60%)</u>	<u>Current Discount Rate (5.60%)</u>	<u>1% Increase (6.60%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 65,695,280</u>	<u>\$ 55,710,729</u>	<u>\$ 47,426,704</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 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.

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, 2019. 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>364,943</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 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, 2018 which were rolled forward to June 30, 2019.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 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 \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution 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. over a period not to exceed thirty years. 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, 2020, 2019 and 2018 were \$797,361, \$826,791 and \$907,549, 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.

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, 2018 through June 30, 2019. 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$815,528. 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, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$27,218,585. 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, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .06523 percent, which was an increase of .00523 percent from its proportionate share measured as of June 30, 2018 of .06000 percent.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 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)

Actuarial Assumptions

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 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)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

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 2.00% as of June 30, 2019.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 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, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>29,770,268</u>
Changes Recognized for the Fiscal Year:	
Service Cost	1,136,599
Interest on the Total OPEB Liability	1,180,556
Differences Between Expected and Actual Experience	(4,463,907)
Changes of Assumptions	405,831
Gross Benefit Payments	(835,529)
Contributions from the Member	<u>24,767</u>
Net Changes	\$ <u>(2,551,683)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>27,218,585</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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, 2019.

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 3.50%, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>32,155,905</u>	\$ <u>27,218,585</u>	\$ <u>23,296,649</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 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 (Continued)

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:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 22,426,901	\$ 27,218,585	\$ 33,561,791

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

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.

- The Five-Year Exemption and Abatement Law (NJSA 40:21et.seq.) generally concerns rehabilitation of particular buildings and structures, with an abatement period that lasts no more than five years. These “short-term” property tax abatements can be structured as reduced property tax bills that exclude all or part of improvement value or as payments in lieu of taxes (PILOTs) to the municipality. Procedurally, a municipality must first adopt an ordinance invoking its five-year abatement authority and setting forth application procedures. This ordinance, referred to as the general ordinance, defines the eligibility criteria, which may include types of structures, types of permissible improvements, as well as qualifying geographic zones or similar designations. An applicant must satisfy all of the criteria stipulated in the statute and general ordinance to be entitled to approval. Applications for individual short-term abatements are presented to the local governing body and must include a general description of the project, plans demonstrating the structure of the project, a statement of reasons for seeking the abatement, claimed benefits to be realized by the applicant if the application is approved, and a statement of taxes currently being assessed and taxes to be paid during the period of the abatement. The application is approved by an ordinance authorizing execution of a tax agreement. If during any tax year prior to the termination of the tax agreement, the property owner ceases to operate or disposes of the property, or fails to meet the conditions for qualifying, then the property tax which would have otherwise been payable for each year shall become due and payable from the property owner as if no exemption and abatement had been granted. For the year ended December 31, 2019 the Borough abated property taxes totaling \$165,705 under the FYEA program of which \$57,345 represents the District’s share.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 19,878,929		\$ 19,878,929	\$ 19,878,929	
Tuition from Individuals	235,750		235,750	319,188	\$ 83,438
Tuition from LEAs Within the State	39,304		39,304	158,450	119,146
Interest - Capital Reserve	1,000		1,000	3,874	2,874
Miscellaneous	75,400	-	75,400	110,646	35,246
Total Local Sources	20,230,383	-	20,230,383	20,471,087	240,704
State Sources					
Extraordinary Aid				311,826	311,826
Categorical Special Education Aid	592,766	-	592,766	592,766	
Security Aid	91,347	-	91,347	91,347	
Transportation Aid	93,632		93,632	93,632	
Non Public Transportation Reimbursement				1,247	1,247
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				733,854	733,854
TPAF Post Retirement Medical Contribution (Non-Budgeted)				797,361	797,361
TPAF Pension - Normal Costs (Non-Budgeted)				2,111,480	2,111,480
TPAF Pension - LTDI Premium (Non-Budgeted)				1,575	1,575
TPAF Pension - NCGI Premium (Non-Budgeted)	-	-	-	37,846	37,846
Total State Sources	777,745	-	777,745	4,772,934	3,995,189
Total Revenues	21,008,128	-	21,008,128	25,244,021	4,235,893
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	141,754	\$ 4,086	145,840	143,614	2,226
Kindergarten	769,841	(139,128)	630,713	621,473	9,240
Grades 1-5	3,459,528	(25,693)	3,433,835	3,424,870	8,965
Grades 6-8	2,011,269	(25,464)	1,985,805	1,970,206	15,599
Regular Programs - Home Instruction					
Salaries of Teachers	6,000	-	6,000	2,000	4,000
Purchased Professional/Educational Services	3,000	-	3,000		3,000
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	281,786	84,865	366,651	352,481	14,170
Purchased Professional/Educational Services	24,450	(6,550)	17,900	8,141	9,759
Purchased Technical Services	87,440	(438)	87,002	72,774	14,228
Other Purchased Services	146,694	11,411	158,105	149,354	8,751
General Supplies	258,709	147,832	406,541	212,514	194,027
Textbooks	19,850	(8,300)	11,550	11,457	93
Other Objects	5,000	1,075	6,075	1,427	4,648
Total Regular Programs	7,215,321	43,696	7,259,017	6,970,311	288,706
Learning and/or Language Disabilities					
Salaries of Teachers	191,605	4,950	196,555	191,950	4,605
Other Salaries for Instruction	79,628	660	80,288	74,857	5,431
General Supplies	1,500	1,957	3,457	1,270	2,187
Total Learning and/or Language Disabilities	272,733	7,567	280,300	268,077	12,223
Resource Room/Resource Center					
Salaries of Teachers	1,230,003	51,790	1,281,793	1,274,470	7,323
Other Salaries for Instruction	58,413	(58,400)	13		13
General Supplies	7,500	(3,778)	3,722	3,147	575
Total Resource Room/Resource Center	1,295,916	(10,388)	1,285,528	1,277,617	7,911
Preschool Disabilities - Full - Time					
Salaries of Teachers	184,348	28,093	212,441	208,369	4,072
Other Salaries for Instruction	86,355	144,778	231,133	229,163	1,970
General Supplies	13,655	(8,523)	5,132	2,957	2,175
Total Preschool Disabilities - Full-Time	284,358	164,348	448,706	440,489	8,217
Total Special Education	1,853,007	161,527	2,014,534	1,986,183	28,351

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 483,637	\$ (8,009)	\$ 475,628	\$ 472,703	\$ 2,925
General Supplies	4,000	(1,307)	2,693	1,852	841
Total Basic Skills/Remedial	487,637	(9,316)	478,321	474,555	3,766
Bilingual Education					
Salaries of Teachers	336,331	9,448	345,779	342,538	3,241
General Supplies	2,350	-	2,350	574	1,776
Total Bilingual Education	338,681	9,448	348,129	343,112	5,017
School Sponsored Co/Extra Curricular Activities-Instruction					
Salaries	52,727	1,056	53,783	37,709	16,074
Supplies and Materials	3,200	1,400	4,600	3,708	892
Other Objects	2,000	-	2,000	1,105	895
Total School Sponsored Co/Extra Curricular Activities-Instruction	57,927	2,456	60,383	42,522	17,861
School Sponsored Athletics-Instruction					
Salaries	23,901	1,195	25,096	22,096	3,000
Purchased Services	4,050	-	4,050	2,322	1,728
Supplies and Materials	2,000	-	2,000	792	1,208
Other Objects	275	500	775	496	279
Total School Sponsored Athletics-Instruction	30,226	1,695	31,921	25,706	6,215
Summer School-Instruction					
Salaries of Teachers	28,098	1,652	29,750	28,350	1,400
Other Salaries for Instruction	5,433	386	5,819	5,819	-
Supplies and Materials	3,500	(3,101)	399	-	399
Total Summer School-Instruction	37,031	(1,063)	35,968	34,169	1,799
Summer School-Support Services					
Salaries	3,800	600	4,400	1,200	3,200
Total Summer School-Support Services	3,800	600	4,400	1,200	3,200
Total Instruction	10,023,630	209,043	10,232,673	9,877,758	354,915
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/in State - Special	991,670	153,374	1,145,044	1,133,774	11,270
Tuition to CSSD and Regional Day Schools	193,384	2,416	195,800	190,500	5,300
Tuition to APSSD - W/I State	417,634	(62,791)	354,843	354,843	-
Total Undistributed Expenditures - Instruction	1,602,688	92,999	1,695,687	1,679,117	16,570
Attendance and Social Work					
Salaries	57,184	10,206	67,390	62,818	4,572
Purchased Professional and Technical Services	4,200	9,000	13,200	13,069	131
Total Attendance and Social Work	61,384	19,206	80,590	75,887	4,703
Health Services					
Salaries	188,016	(34,566)	153,450	153,175	275
Purchased Professional and Technical Services	2,800	-	2,800	2,604	196
Purchased Services	1,450	5,919	7,369	7,160	209
Supplies and Materials	8,400	33,600	42,000	23,959	18,041
Total Health Services	200,666	4,953	205,619	186,898	18,721
Speech, OT, PT & Related Services					
Salaries	279,569	4,939	284,508	252,968	31,540
Purchased Professional-Educational Services	500	500	500	500	-
Supplies and Materials	2,200	(600)	1,600	1,444	156
Total Speech, OT, PT & Related Services	281,769	4,839	286,608	254,412	32,196
Other Support Services - Students - Extra Services					
Salaries	305,276	(115,227)	190,049	183,639	6,410
Purchased Professional-Educational Services	179,320	191,638	370,958	225,001	145,957
Supplies and Materials	2,500	(1,400)	1,100	416	684
Other Objects	500	-	500	-	500
Total Other Supp.Serv. Student - Extra Services	487,596	75,011	562,607	409,056	153,551

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Other Supp. Serv. - Students - Regular (Guidance)					
Salaries of Other Professional Staff	\$ 168,282	\$ 4,871	\$ 173,153	\$ 171,326	\$ 1,827
Purchased Professional-Educational Services	4,200	3,200	7,400	7,220	180
Supplies and Materials	1,200	(40)	1,160	763	397
Other Objects	150	150	300	169	131
Total Guidance	173,832	8,181	182,013	179,478	2,535
Child Study Teams					
Salaries of Other Professional Staff	389,501	2,819	392,320	391,376	944
Salaries of Secretarial and Clerical Assistants	84,226	2,128	86,354	85,903	451
Purchased Professional-Educational Services	59,372	(10,000)	49,372	49,368	4
Other Purchased Professional and Technical Services	13,600	(6,262)	7,338	5,330	2,008
Other Purchased Services	500	-	500	500	500
Supplies and Materials	7,400	(3,000)	4,400	3,455	945
Other Objects	1,400	-	1,400	1,339	61
Total Child Study Teams	555,999	(14,315)	541,684	536,771	4,913
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	119,030	(2,900)	116,130	116,035	95
Salaries of Other Professional Staff	6,708	2,000	8,708	7,444	1,264
Purchased Professional-Educational Services	51,814	(2,000)	49,814	47,454	2,360
Other Purchased Professional and Technical Services	7,850	-	7,850	7,850	7,850
Other Purchased Services	500	-	500	500	500
Supplies and Materials	500	-	500	145	355
Other Objects	800	-	800	209	591
Total Improvement of Instructional Services	187,202	(2,900)	184,302	171,287	13,015
Educational Media/School Library					
Salaries	168,150	(6,757)	161,393	160,646	747
Purchased Professional and Technical Services	3,500	(740)	2,760	1,595	1,165
Other Purchased Services	8,000	-	8,000	6,300	1,700
Supplies and Materials	15,400	(1,260)	14,140	10,252	3,888
Total Educational Media/School Library	195,050	(8,757)	186,293	178,793	7,500
Instructional Staff Training Services					
Purchased Professional-Educational Services	37,000	(18,500)	18,500	-	18,500
Other Purchased Professional and Technical Services	13,800	-	13,800	3,450	10,350
Other Purchased Services	8,000	1,940	9,940	9,550	390
Supplies and Materials	4,500	(1,000)	3,500	173	3,327
Total Instructional Staff Training Services	63,300	(17,560)	45,740	13,173	32,567
Support Services General Administration					
Salaries	272,615	1,500	274,115	272,237	1,878
Legal Services	29,450	(10,000)	19,450	14,909	4,541
Audit Fees	22,500	800	23,300	23,076	224
Architectural/Engineering Services	11,500	-	11,500	8,426	3,074
Other Purchased Professional Services	8,000	11,100	19,100	19,028	72
Purchased Technical Services	2,500	-	2,500	1,708	792
Communications/Telephone	33,686	10,245	43,931	39,959	3,972
BOE Other Purchased Services	1,300	-	1,300	-	1,300
Miscellaneous Purchased Services	29,500	1,900	31,400	27,317	4,083
General Supplies	5,000	1,853	6,853	4,205	2,648
BOE In-House Training/Meeting Supplies	1,750	-	1,750	1,103	647
Miscellaneous Expenditures	4,500	(800)	3,700	2,013	1,687
BOE Membership Dues and Fees	8,800	-	8,800	8,296	504
Total Support Services General Administration	431,101	16,598	447,699	422,277	25,422
Support Services School Administration					
Salaries of Principals/Asst. Principals	428,449	(500)	427,949	427,001	948
Salaries of Other Professional Staff	137,504	2,215	139,719	137,500	2,219
Salaries of Secretarial and Clerical Assistants	129,781	1,785	131,566	129,686	1,880
Other Purchased Services	22,513	(10,835)	11,678	10,364	1,314
Supplies and Materials	13,900	8,062	21,962	8,202	13,760
Other Objects	5,330	6,438	11,768	11,327	441
Total Support Services School Administration	737,477	7,165	744,642	724,080	20,562
Central Services					
Salaries	340,219	7,500	347,719	342,243	5,476
Purchased Technical Services	23,000	4,580	27,580	27,086	494
Miscellaneous Purchased Services	8,400	(1,950)	6,450	2,769	3,681
Supplies and Materials	5,000	1,500	6,500	5,973	527
Miscellaneous Expenditures	2,400	-	2,400	1,553	847
Total Central Services	379,019	11,630	390,649	379,624	11,025

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Admin. Info. Tech.					
Salaries	\$ 105,575	-	\$ 105,575	\$ 105,060	\$ 515
Purchased Technical Services	33,993	\$ (1,780)	32,213	23,632	8,581
Other Purchased Services	250	400	650	425	225
Supplies and Materials	108,900	(68,810)	40,090	26,558	13,532
Total Admin. Info. Tech.	248,718	(70,190)	178,528	155,675	22,853
Required Maintenance for School Facilities					
Salaries	211,142	1,110	212,252	205,687	6,565
Cleaning, Repair and Maintenance Services	102,000	(18,050)	83,950	76,178	7,772
General Supplies	40,000	32,516	72,516	46,804	25,712
Other Objects	1,500	-	1,500	633	867
Total Required Maintenance for School Facilities	354,642	15,576	370,218	329,302	40,916
Custodial Services					
Salaries	521,253	(10,232)	511,021	508,695	2,326
Salaries of Non-Instructional Aides	162,643	15,489	178,132	173,636	4,496
Purchased Professional and Technical Services	5,500	400	5,900	4,900	1,000
Cleaning, Repair and Maintenance Services	9,500	-	9,500	8,356	1,144
Rental of Land & Building Other than Lease Purchase Agreement	17,759	(9,080)	8,679	8,654	25
Other Purchased Property Services	15,600	183	15,783	15,527	256
Insurance	137,253	(183)	137,070	135,794	1,276
Miscellaneous Purchased Services	200	-	200	-	200
General Supplies	35,000	78,634	113,634	52,555	61,079
Energy (Natural Gas)	113,000	-	113,000	62,929	50,071
Energy (Electricity)	230,000	(35,000)	195,000	127,376	67,624
Energy (Gasoline)	3,500	-	3,500	1,554	1,946
Other Objects	2,500	-	2,500	-	2,500
Total Custodial Services	1,253,708	40,211	1,293,919	1,099,976	193,943
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Service	60,000	(33,299)	26,701	18,785	7,916
General Supplies	8,700	(8,000)	700	-	700
Total Care and Upkeep of Grounds	68,700	(41,299)	27,401	18,785	8,616
Security					
Purchased Professional and Technical Services	3,500	-	3,500	100	3,400
Cleaning, Repair and Maintenance Service	14,150	(10,127)	4,023	475	3,548
General Supplies	1,000	2,839	3,839	-	3,839
Total Security	18,650	(7,288)	11,362	575	10,787
Student Transportation Services					
Salaries of Non-Instructional Aides	10,986	460	11,446	9,939	1,507
Contracted Services - Aid In Lieu of Payments-Non-Public Schools	40,664	14,336	55,000	36,852	18,148
Contracted Services (Between Home and School) - Vendors	32,950	4,000	36,950	24,371	12,579
Contracted Services (Other Than Between Home and School) - Vendors	18,000	1,250	19,250	11,344	7,906
Contracted Services (Between Home and School) - Joint Agreements	-	7,600	7,600	5,770	1,830
Contracted Services (Special Education Students) - Joint Agreements	245,000	-	245,000	215,114	29,886
Total Student Transportation Services	347,600	27,646	375,246	303,390	71,856

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits- Employee Benefits					
Social Security Contributions	\$ 224,270	\$ (6,821)	\$ 217,449	\$ 198,240	\$ 19,209
Other Retirement Contributions - PERS	221,600	(12,304)	209,296	206,139	3,157
Other Retirement Contribution - Regular	25,625	3,000	28,625	27,696	929
Worker's Compensation	83,352	(2,000)	81,352	71,793	9,559
Health Benefits	3,022,839	(249,575)	2,773,264	2,677,387	95,877
Tuition Reimbursement	15,000	-	15,000	2,000	13,000
Other Employee Benefits	4,440	300	4,740	3,957	783
Unused Sick Payment to Terminated/Retired Staff	25,000	(300)	24,700	23,255	1,445
Total Unallocated Benefits	3,622,126	(267,700)	3,354,426	3,210,467	143,959
TPAF Post-Retirement Medical Contribution (Non-Budgeted)				797,361	(797,361)
TPAF Pension Contribution-Normal Costs (Non-Budgeted)				2,111,480	(2,111,480)
TPAF Pension Contribution-LTDI Premium (Non-Budgeted)				1,575	(1,575)
TPAF Pension Contribution-NCGI Premium (Non-Budgeted)				37,846	(37,846)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	733,854	(733,854)
Total Undistributed Expenditures	11,271,227	(105,994)	11,165,233	14,011,139	(2,845,906)
Total Current Expenditures	21,294,857	103,049	21,397,906	23,888,897	(2,490,991)
CAPITAL OUTLAY					
EQUIPMENT					
Instruction					
Grades 1-5	22,330	86,793	109,123	109,123	-
Grades 6-8		14,938	14,938	14,938	-
Preschool Disabilities - Full-Time		9,140	9,140	5,407	3,733
Undistributed Expenditures - School Administration		4,185	4,185	4,185	-
Undistributed Expenditures - Required Maintenance for School Facilities		52,160	52,160		52,160
Undistributed Expenditures - Custodial Services		4,484	4,484	4,484	-
Undistributed Expenditures - Security	-	12,719	12,719	12,719	-
Total Equipment	22,330	184,419	206,749	150,856	55,893
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		6,623	6,623	4,133	2,490
Construction Services	185,000	65,200	250,200	192,200	58,000
Assessment for Debt Service on SDA Funding	14,941	-	14,941	14,941	-
Total Facilities Acquisition and Construction Services	199,941	71,823	271,764	211,274	60,490
Interest Deposit to Capital Reserve	1,000	-	1,000	-	1,000
Total Capital Outlay	223,271	256,242	479,513	362,130	117,383
Total General Fund Expenditures	21,518,128	359,291	21,877,419	24,251,027	(2,373,608)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(510,000)	(359,291)	(869,291)	992,994	1,862,285
Fund Balance, Beginning of Year	4,382,095	-	4,382,095	4,382,095	-
Fund Balance, End of Year	\$ 3,872,095	\$ (359,291)	\$ 3,512,804	\$ 5,375,089	\$ 1,862,285
Recapitulation					
Restricted:					
Emergency Reserve				\$ 224,913	
Capital Reserve				2,771,096	
Capital Reserve - Designated for Subsequent Year's Expenditures				540,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				300,000	
Excess Surplus				500,000	
Committed:					
Year End Encumbrances				223,549	
Assigned:					
Year End Encumbrances				91,080	
Unassigned Fund Balance				724,451	
				5,375,089	
Reconciliation to Governmental Fund Statements (GAAP)					
Receivables Not Recognized by GAAP					
Final State Aid Payments				(66,967)	
Extraordinary Aid				(311,826)	
Fund Balance, Governmental Statements (GAAP Basis)				\$ 4,996,296	

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources		\$ 62,262	\$ 62,262	\$ 61,035	\$ 1,227
Federal Sources	\$ 279,095	69,918	349,013	349,013	-
Total Revenues	<u>279,095</u>	<u>132,180</u>	<u>411,275</u>	<u>410,048</u>	<u>1,227</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	61,344	9,031	70,375	70,375	-
Tuition - Other Purchased Services	150,473	43,398	193,871	193,871	-
Supplies and Materials	262	869	1,131	1,047	84
Total Instruction	<u>212,079</u>	<u>53,298</u>	<u>265,377</u>	<u>265,293</u>	<u>84</u>
Support Services					
Personal Services - Employee Benefits	19,016	5,615	24,631	24,631	-
Other Purchased Services	48,000	13,300	61,300	60,589	711
Total Support Services	<u>67,016</u>	<u>18,915</u>	<u>85,931</u>	<u>85,220</u>	<u>711</u>
CAPITAL OUTLAY					
Equipment					
Non-Instructional Equipment		10,308	10,308	10,308	-
Instructional Equipment	-	49,659	49,659	49,227	432
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>59,967</u>	<u>59,967</u>	<u>59,535</u>	<u>432</u>
Total Expenditures	<u>279,095</u>	<u>132,180</u>	<u>411,275</u>	<u>410,048</u>	<u>1,227</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 25,244,021	\$ 410,048
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes - Prior Year	302,408	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(378,793)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 25,167,636</u>	<u>\$ 410,048</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	<u>\$ 24,251,027</u>	<u>\$ 410,048</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 24,251,027</u>	<u>\$ 410,048</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Seven Fiscal Years ***

	<u>2020</u>	<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)	0.02114%	0.02085%	0.02108%	0.02109%	0.02283%	0.02173%	0.02086%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,809,331</u>	<u>\$ 4,104,566</u>	<u>\$ 4,906,944</u>	<u>\$ 6,245,235</u>	<u>\$ 5,125,484</u>	<u>\$ 4,069,200</u>	<u>\$ 3,986,130</u>
District's Covered Payroll	<u>\$ 1,489,893</u>	<u>\$ 1,471,224</u>	<u>\$ 1,401,879</u>	<u>\$ 1,450,556</u>	<u>\$ 1,444,539</u>	<u>\$ 1,438,877</u>	<u>\$ 1,444,074</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	256%	279%	350%	431%	355%	283%	276%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

* 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.

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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Seven Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 205,642	\$ 207,355	\$ 195,278	\$ 187,330	\$ 196,300	\$ 180,567	\$ 158,190
Contributions in Relation to the Contractually Required Contributions	<u>205,642</u>	<u>207,355</u>	<u>195,278</u>	<u>187,330</u>	<u>196,300</u>	<u>180,567</u>	<u>158,190</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 1,473,795</u>	<u>\$ 1,489,893</u>	<u>\$ 1,471,224</u>	<u>\$ 1,401,879</u>	<u>\$ 1,450,556</u>	<u>\$ 1,444,539</u>	<u>\$ 1,438,877</u>
Contributions as a Percentage of Covered Payroll	13.95%	13.92%	13.27%	13.36%	13.53%	12.50%	10.99%

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.

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

**TEACHERS PENSION AND ANNUITY FUND
Last Seven Fiscal Years ***

	<u>2020</u>	<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%	0%	0%	0%	0%	0%	0%
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>55,710,729</u>	<u>59,263,312</u>	<u>62,614,967</u>	<u>73,284,063</u>	<u>57,612,766</u>	<u>49,936,169</u>	<u>46,868,652</u>
Total	<u>\$ 55,710,729</u>	<u>\$ 59,263,312</u>	<u>\$ 62,614,967</u>	<u>\$ 73,284,063</u>	<u>\$ 57,612,766</u>	<u>\$ 49,936,169</u>	<u>\$ 46,868,652</u>
District's Covered Payroll	<u>\$ 10,476,985</u>	<u>\$ 10,258,151</u>	<u>\$ 9,698,834</u>	<u>\$ 9,481,470</u>	<u>\$ 9,317,249</u>	<u>\$ 9,350,572</u>	<u>\$ 9,307,551</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

* 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.

**CLOSTER 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, 2020**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5D.

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

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 1,136,599	\$ 1,285,262	\$ 1,568,114
Interest on the Total OPEB Liability	1,180,556	1,245,270	1,068,374
Differences Between Expected and Actual Experience	(4,463,907)	(2,455,140)	
Changes of Assumptions	405,831	(3,416,287)	(4,475,998)
Gross Benefit Payments	(835,529)	(796,046)	(661,790)
Contribution from the Member	<u>24,767</u>	<u>27,513</u>	<u>24,369</u>
Net Change in Total OPEB Liability	(2,551,683)	(4,109,428)	(2,476,931)
Total OPEB Liability - Beginning	<u>29,770,268</u>	<u>33,879,696</u>	<u>36,356,627</u>
Total OPEB Liability - Ending	\$ 27,218,585	\$ 29,770,268	\$ 33,879,696
District's Proportionate Share	\$0	\$0	\$0
State's Proportionate Share	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
Total OPEB Liability - Ending	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
Covered Payroll	<u>\$ 11,966,878</u>	<u>\$ 11,729,375</u>	<u>\$ 11,100,713</u>
District's Proportionate Share of OPEB Liability as a Percentage of Covered Payroll:	0.00%	0.00%	0.00%

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.

**CLOSTER 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, 2020**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 5E.

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	IDEA Part B- Basic	IDEA Pre- School	ESEA Title I	Local	Total
REVENUES					
Local				\$ 61,035	\$ 61,035
Federal	\$ 242,655	\$ 11,216	\$ 95,142	-	349,013
 Total Revenues	<u>\$ 242,655</u>	<u>\$ 11,216</u>	<u>\$ 95,142</u>	<u>\$ 61,035</u>	<u>\$ 410,048</u>
 EXPENDITURES					
Instruction					
Salaries of Teachers			\$ 70,375		\$ 70,375
Tuition - Other Purchased Services	\$ 182,655	\$ 11,216			193,871
Supplies and Materials	-	-	136	\$ 911	1,047
 Total Instruction	<u>182,655</u>	<u>11,216</u>	<u>70,511</u>	<u>911</u>	<u>265,293</u>
 Support Services					
Personal Services - Employee Benefits			24,631		24,631
Other Purchased Services	60,000	-	-	589	60,589
 Total Support Services	<u>60,000</u>	<u>-</u>	<u>24,631</u>	<u>589</u>	<u>85,220</u>
 CAPITAL OUTLAY					
Equipment					
Non-Instructional Equipment				10,308	10,308
Instructional Equipment	-	-	-	49,227	49,227
 Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,535</u>	<u>59,535</u>
 Total Expenditures	<u>\$ 242,655</u>	<u>\$ 11,216</u>	<u>\$ 95,142</u>	<u>\$ 61,035</u>	<u>\$ 410,048</u>

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NOT APPLICABLE

ENTERPRISE FUND

NOT APPLICABLE

INTERNAL SERVICE FUND

EXHIBITS G-4, G-5 AND G-6

NOT APPLICABLE

FIDUCIARY FUNDS

**CLOSTER BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
JUNE 30, 2020**

	<u>Student</u> <u>Activity</u>	<u>Agency</u> <u>Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 118,819	\$ 9,870	\$ 128,689
Total Assets	<u>\$ 118,819</u>	<u>\$ 9,870</u>	<u>\$ 128,689</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 9,845	\$ 9,845
Due to Student Groups	\$ 118,819		118,819
Due to Other Funds	<u>-</u>	<u>25</u>	<u>25</u>
Total Liabilities	<u>\$ 118,819</u>	<u>\$ 9,870</u>	<u>\$ 128,689</u>

**CLOSTER BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**CLOSTER BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>School</u>	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2020</u>
ELEMENTARY SCHOOL Hillside	\$ 26,864	\$ 31,233	\$ 21,921	\$ 36,176
MIDDLE SCHOOL Tenakill	<u>16,553</u>	<u>158,990</u>	<u>92,900</u>	<u>82,643</u>
Total	<u>\$ 43,417</u>	<u>\$ 190,223</u>	<u>\$ 114,821</u>	<u>\$ 118,819</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance, July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2020</u>
Due to Other Funds	\$ 221	\$ 1,536	\$ 1,732	\$ 25
Payroll Deductions and Withholdings	7,142	6,714,499	6,711,796	9,845
Accrued Salaries and Wages	<u>-</u>	<u>7,490,231</u>	<u>7,490,231</u>	<u>-</u>
	<u>\$ 7,363</u>	<u>\$ 14,206,266</u>	<u>\$ 14,203,759</u>	<u>\$ 9,870</u>

LONG-TERM DEBT

**CLOSTER BOARD OF EDUCATION
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<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, 2019</u>	<u>Retirements</u>	<u>Balance, June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>				
School Refunding Bonds	8/1/2013	\$ 2,790,000	4/1/21	\$ 270,000	2.350 %			
			4/1/22	270,000	2.350			
			4/1/23	270,000	2.350			
			4/1/24	270,000	2.350			
						<u>\$ 1,355,000</u>	<u>\$ 275,000</u>	<u>\$ 1,080,000</u>
						<u>\$ 1,355,000</u>	<u>\$ 275,000</u>	<u>\$ 1,080,000</u>

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**CLOSTER BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 306,843	-	\$ 306,843	\$ 306,843	-
Total Revenues	306,843	-	306,843	306,843	-
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	31,843		31,843	31,843	
Redemption of Principal	275,000	-	275,000	275,000	-
Total Regular Debt Service	306,843	-	306,843	306,843	-
Total Expenditures	306,843	-	306,843	306,843	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Recapitulation of Fund Balance:</u>					
Designated for Subsequent Year's Expenditures				\$ -	

STATISTICAL SECTION

This part of the Closter's 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.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
				(1)						
Governmental activities										
Net Investment in Capital Assets	\$ 6,916,987	\$ 8,356,593	\$ 8,869,125	\$ 9,814,001	\$ 11,006,875	\$ 11,988,061	\$ 12,698,521	\$ 12,857,332	\$ 12,859,089	\$ 12,725,694
Restricted	1,767,587	1,922,610	2,125,103	2,590,536	2,826,876	2,929,437	2,096,757	2,465,334	2,767,421	3,311,096
Unrestricted	1,183,408	1,270,228	1,554,013	(2,721,410)	(2,949,655)	(3,286,663)	(3,162,132)	(3,840,268)	(3,893,030)	(3,519,103)
Total governmental activities net position	<u>\$ 9,867,982</u>	<u>\$ 11,549,431</u>	<u>\$ 12,548,241</u>	<u>\$ 9,683,127</u>	<u>\$ 10,884,096</u>	<u>\$ 11,630,835</u>	<u>\$ 11,633,146</u>	<u>\$ 11,482,398</u>	<u>\$ 11,733,480</u>	<u>\$ 12,517,687</u>
Business-type activities										
Net Investment in Capital Assets										
Restricted										
Unrestricted	\$ 16,897	\$ 6,198	\$ 4,609	\$ 7,490	\$ 6,837	\$ 8,615	\$ 8,922	\$ 21,345	\$ 2,307	\$ 8,488
Total business-type activities net position	<u>\$ 16,897</u>	<u>\$ 6,198</u>	<u>\$ 4,609</u>	<u>\$ 7,490</u>	<u>\$ 6,837</u>	<u>\$ 8,615</u>	<u>\$ 8,922</u>	<u>\$ 21,345</u>	<u>\$ 2,307</u>	<u>\$ 8,488</u>
District-wide										
Net Investment in Capital Assets	\$ 6,916,987	\$ 8,356,593	\$ 8,869,125	\$ 9,814,001	\$ 11,006,875	\$ 11,988,061	\$ 12,698,521	\$ 12,857,332	\$ 12,859,089	\$ 12,725,694
Restricted	1,767,587	1,922,610	2,125,103	2,590,536	2,826,876	2,929,437	2,096,757	2,465,334	2,767,421	3,311,096
Unrestricted	1,200,305	1,276,426	1,558,622	(2,713,920)	(2,942,818)	(3,278,048)	(3,153,210)	(3,818,923)	(3,890,723)	(3,510,615)
Total district net position	<u>\$ 9,884,879</u>	<u>\$ 11,555,629</u>	<u>\$ 12,552,850</u>	<u>\$ 9,690,617</u>	<u>\$ 10,890,933</u>	<u>\$ 11,639,450</u>	<u>\$ 11,642,068</u>	<u>\$ 11,503,743</u>	<u>\$ 11,735,787</u>	<u>\$ 12,526,175</u>

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved										
Unreserved										
Nonspendable										
Restricted	\$ 2,595,294	\$ 2,957,191	\$ 3,001,539	\$ 2,428,591	\$ 3,291,997	\$ 3,829,436	\$ 2,996,755	\$ 3,365,333	\$ 3,642,421	\$ 4,336,009
Committed	285,092		766,171	393,062	213,708		584,518	69,312	71,131	223,549
Assigned	155,747	299,091	125,014	159,919	28,717	79,159	14,113	22,068	7,327	91,080
Unassigned	309,340	300,853	292,645	332,777	323,309	341,548	357,392	366,556	358,808	345,658
Total general fund	<u>\$ 3,345,473</u>	<u>\$ 3,557,135</u>	<u>\$ 4,185,369</u>	<u>\$ 3,314,349</u>	<u>\$ 3,857,731</u>	<u>\$ 4,250,143</u>	<u>\$ 3,952,778</u>	<u>\$ 3,823,269</u>	<u>\$ 4,079,687</u>	<u>\$ 4,996,296</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Nonspendable										
Restricted		\$ 15,419	\$ 1	\$ 1,063,382	\$ 434,879	\$ -	\$ 2	\$ 1	\$ -	\$ -
Committed										
Assigned	\$ 1									
Unassigned		-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 1</u>	<u>\$ 15,419</u>	<u>\$ 1</u>	<u>\$ 1,063,382</u>	<u>\$ 434,879</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 16,714,167	\$ 16,792,817	\$ 16,943,686	\$ 17,324,092	\$ 17,555,950	\$ 18,002,901	\$ 18,353,338	\$ 18,773,857	\$ 19,378,557	\$ 20,185,772
Tuition charges	129,234	265,204	346,617	407,960	394,577	423,143	382,786	355,064	503,526	477,638
Interest earnings	24,224	12,379	16,709	16,667	10,436	13,449	14,683	15,621	6,607	38,251
Miscellaneous	61,907	76,307	49,471	71,006	54,227	69,328	77,091	65,231	200,076	137,304
State sources	1,480,092	2,175,039	2,590,113	2,308,787	2,841,908	3,124,703	3,148,088	3,671,452	4,248,697	4,696,549
Federal sources	284,708	414,269	254,632	247,179	263,007	266,098	259,608	271,458	348,871	349,013
Total revenue	18,694,332	19,736,015	20,201,228	20,375,691	21,120,105	21,899,622	22,235,594	23,152,683	24,686,334	25,884,527
Expenditures										
Instruction										
Regular Instruction	7,662,148	8,120,662	9,152,243	8,878,053	9,002,581	9,711,083	10,017,920	10,545,805	10,582,628	10,774,095
Special education instruction	1,941,754	2,354,035	2,246,804	2,464,945	2,682,844	2,820,378	2,974,372	3,614,452	4,229,574	4,918,173
Other instruction	838,462	900,388	993,876	934,454	915,663	978,538	1,050,230	1,179,924	1,285,398	1,349,669
School sponsored activities and athletics	82,883	87,242	88,832	94,457	88,850	109,370	97,513	111,612	128,209	103,298
Support Services:										
Student & inst. related services	2,162,775	2,210,750	2,259,045	2,277,704	2,532,003	2,526,546	2,644,338	2,471,434	2,727,967	2,622,844
General administration Services	665,529	754,057	756,423	729,155	787,190	710,881	713,935	779,134	804,138	571,140
School Administration services	892,506	937,171	991,719	1,015,415	814,011	981,746	965,092	1,003,476	940,210	1,064,143
Business / Central Services	308,716	334,565	345,562	353,392	396,875	434,009	458,863	561,466	715,000	797,596
Plant operations and maintenance	1,459,041	1,440,162	1,485,173	1,673,632	1,802,229	1,653,580	1,870,635	1,722,214	1,812,344	1,709,821
Pupil transportation	184,030	161,231	183,809	157,509	198,723	230,697	228,349	290,234	346,436	306,726
Capital outlay	137,566	1,077,415	139,774	621,380	1,160,368	1,436,628	1,174,894	672,322	539,590	443,570
Debt service:										
Principal	884,691	917,204	944,682	946,942	648,466	290,000	285,000	285,000	280,000	275,000
Interest and other charges	246,137	214,053	179,996	145,279	75,423	58,632	51,817	45,120	38,423	31,843
Bond Issuance Costs				23,070						
Advance to Refunding Escrow				42,943						
Total expenditures	17,466,238	19,508,935	19,767,938	20,358,330	21,105,226	21,942,088	22,532,958	23,282,193	24,429,917	24,967,918
Excess (Deficiency) of revenues over (under) expenditures	1,228,094	227,080	433,290	17,361	14,879	(42,466)	(297,364)	(129,510)	256,417	916,609
Other Financing sources (uses)										
Payment to Refunding Bond Escrow Agent				(2,715,000)		-				-
Refunding Bonds Issued				2,790,000		-				-
Capital Lease Proceeds			179,526							
Transfers in		443,861	51,058	1,087,865		55,107				-
Transfers out		(443,861)	(51,058)	(1,087,865)		(55,107)				-
Total other financing sources (uses)	-	-	179,526	75,000	-	-	-	-	-	-
Net change in fund balances	\$ 1,228,094	\$ 227,080	\$ 612,816	\$ 92,361	\$ 14,879	\$ (42,466)	\$ (297,364)	\$ (129,510)	\$ 256,417	\$ 916,609
Debt service as a percentage of noncapital expenditures	6.53%	6.14%	5.73%	5.87%	3.63%	1.70%	1.58%	1.46%	1.33%	1.25%

* Noncapital expenditures are total expenditures less capital outlay.

**CLOSTER BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Misc.</u>	<u>Total</u>
2011	\$ 129,234	\$ 24,224	\$ 60,398	\$ 213,856
2012	265,204	11,918	76,307	353,429
2013	346,617	16,709	49,471	412,797
2014	407,960	16,667	71,006	495,633
2015	394,577	10,436	54,227	459,240
2016	423,143	13,449	69,328	505,920
2017	382,786	14,683	77,091	474,560
2018	355,064	15,621	64,200	434,885
2019	503,526	6,607	95,067	605,200
2020	477,638	38,251	76,269	592,158

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

Calendar Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2011	\$ 23,262,400	\$ 1,791,836,000	\$ 5,471,800	\$ 31,500	\$ 223,086,500	\$ 15,045,700	\$ 959,600	\$ 2,059,693,500	\$ 5,669,360	\$ 2,065,362,860	\$ 2,161,138,793	\$ 0.811
2012	24,006,400	1,784,300,900	5,471,800	31,500	220,571,000	15,045,700	959,600	2,050,386,900	5,642,577	2,056,029,477	2,094,167,079	0.821
2013	20,163,200	1,796,514,400	5,471,800	31,500	218,075,800	15,045,700	959,600	2,056,262,000	100,000	2,056,362,000	2,035,360,558	0.834
2014	21,831,400	1,799,979,800	4,541,600	30,500	219,295,200	19,545,700	959,600	2,066,183,800	100,000	2,066,283,800	2,030,585,074	0.844
2015	20,358,100	1,805,323,200	4,541,600	30,500	216,624,800	18,964,000	959,600	2,066,801,800	100,000	2,066,901,800	2,099,516,054	0.860
2016	19,884,100	1,816,990,700	4,612,200	30,500	216,412,100	18,964,000	959,600	2,077,853,200	100,000	2,077,953,200	2,129,915,670	0.875
2017	19,611,500	1,825,939,100	4,612,200	26,200	215,541,300	19,914,000	959,600	2,086,603,900	100,000	2,086,703,900	2,140,987,596	0.890
2018	18,196,800	1,884,747,100	5,037,000	25,100	237,104,000	21,569,100		2,166,679,100	100,000	2,166,779,100	2,168,261,971	0.881
2019	18,903,200	1,923,578,700	5,432,700	25,100	256,031,300	22,812,900		2,226,783,900	100,000	2,226,883,900	2,226,975,293	0.889
2020	18,627,800	1,956,453,700	5,547,400	25,100	265,247,800	23,968,500		2,269,870,300	100,000	2,269,970,300	2,293,283,498	0.904

Source: County Abstract of Ratables

^a Tax rates are per \$100

N/A = Not Available

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

Calendar Year	Total Direct Tax Rate	Overlapping Rates				Total
		Regional High School District	Municipality	County		
2011	\$.811	\$.514	\$.503	\$.218	\$2.046	
2012	.821	.522	.517	.224	2.084	
2013	.834	.520	.521	.227	2.102	
2014	.844	.520	.535	.230	2.129	
2015	.860	.539	.547	.244	2.190	
2016	.875	.553	.549	.262	2.239	
2017	.890	.565	.569	.258	2.282	
2018	.881	.544	.556	.245	2.226	
2019	.889	.528	.555	.245	2.217	
2020	.904	.525	.561	.251	2.241	

Source: Borough of Closter

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

Taxpayer	2020		Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Closter Mktplace (EBA) LLC	\$ 58,322,900	2.57%	Irani-Aspi-Closter Plaza Met.	\$ 31,500,000	1.53%
Closter Grocery	10,260,000	0.45%	Closter Grocery	8,645,300	0.42%
Capital Young Property LLC	8,531,600	0.38%	Heidenberg Closter Assoc.	7,368,000	0.36%
Closter Golf	7,534,300	0.33%	Closter Golf	6,999,700	0.34%
Heidenberg Closter Assoc.	9,000,000	0.40%	United Water New Jersey	5,891,200	0.29%
Suez C/O Altus Group	5,891,200	0.26%	Verizon	5,669,360	0.27%
DWL Monmouth c/o Daniel Cho	4,996,200	0.22%	Reuten Associates	4,581,700	0.22%
Fred Reuten, Inc.	5,015,900	0.22%	DWL Monmouth c/o Daniel Cl	4,553,500	0.22%
50 Railroad LLC	4,636,900	0.20%	Fred Reuten, Inc.	4,492,400	0.22%
Reuten Associates	4,550,900	0.20%	BR NJ LLC	4,167,400	0.20%
	<u>\$ 118,739,900</u>	<u>5.23%</u>		<u>\$ 83,868,560</u>	<u>4.06%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 16,714,167	\$ 16,714,167	100.00%	N/A
2012	16,792,817	16,792,817	100.00%	N/A
2013	16,943,686	16,943,686	100.00%	N/A
2014	17,324,092	17,324,092	100.00%	N/A
2015	17,555,950	17,555,950	100.00%	N/A
2016	18,002,901	18,002,901	100.00%	N/A
2017	18,353,338	18,353,338	100.00%	N/A
2018	18,773,857	18,005,367	95.91%	\$ 768,490
2019	19,378,557	19,378,557	100.00%	N/A
2020	20,185,772	20,185,772	100.00%	N/A

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	Population	A	Per Capita
	General Obligation Bonds	Lease Purchase Agreements	Intergovernmental Loans Payable				
2011	\$ 4,694,000		\$ 943,221	\$ 5,637,221	8,425		\$ 669
2012	4,149,000		631,564	4,780,564	8,477		564
2013	3,579,000	\$ 119,206	317,202	4,015,408	8,547		470
2014	3,084,000	59,466		3,143,466	8,582		366
2015	2,495,000			2,495,000	8,591		290
2016	2,205,000			2,205,000	8,592		257
2017	1,920,000			1,920,000	8,602		223
2018	1,635,000			1,635,000	8,618		190
2019	1,355,000			1,355,000	8,547		159
2020	1,080,000			1,080,000	8,511		127

Source: District records

A = Estimated

CLOSTER BOARD OF EDUCATION
RATIOS OF NET GENERAL OBLIGATION DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Obligation Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Debt	Deductions			
2011	\$ 5,637,221		\$ 5,637,221	0.27%	\$ 669
2012	4,780,564		4,780,564	0.23%	564
2013	3,896,202		3,896,202	0.19%	456
2014	3,084,000	\$ 8,988	3,075,012	0.15%	358
2015	2,495,000	8,987	2,486,013	0.12%	289
2016	2,205,000	1	2,204,999	0.11%	256
2017	1,920,000	2	1,919,998	0.09%	223
2018	1,635,000	1	1,634,999	0.08%	189
2019	1,355,000		1,355,000	0.06%	158
2020	1,080,000		1,080,000	0.05%	127

Source: District records

**CLOSTER BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Regional School District	\$ 3,752,373	\$ 3,752,373	
Borough of Closter Board of Education	1,355,000	1,355,000	
Borough of Closter	<u>16,768,665</u>	<u>389,293</u>	<u>\$ 16,379,372</u>
	<u>\$ 21,876,038</u>	<u>\$ 5,496,666</u>	<u>16,379,372</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			17,397,799
Bergen County Utilities Authority - Waste Water(B)			<u>1,769,687</u>
			<u>19,167,486</u>
 Total Direct and Overlapping Debt			 <u>\$ 35,546,858</u>

Source:

(1) Borough of Closter's 2019 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Closter by dividing the municipality's 2019 equalized value by the total 2019 equalized value for the County of Bergen.

(B) The debt was computed based upon the real property ration of equalized valuations of all municipalities serviced by the authority.

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

Legal Debt Margin Calculation for Fiscal Year 2019

Equalized valuation basis		
2019		\$ 2,303,013,652
2018		2,212,025,625
2017		<u>2,154,024,879</u>
	[A]	<u>\$ 6,669,064,156</u>
Average equalized valuation of taxable property	[A/3]	<u>\$ 2,223,021,385</u>
Debt limit (3% of average equalization value)	[B]	66,690,642
Total Net Debt Applicable to Limit	[C]	<u>1,080,000</u>
Legal debt margin	[B-C]	<u>\$ 65,610,642</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 67,195,515	\$ 64,608,887	\$ 62,657,788	\$ 61,343,964	\$ 61,356,710	\$ 62,249,565	\$ 63,338,641	\$ 63,934,300	\$ 64,912,967	\$ 66,690,642
Total net debt applicable to limit	<u>5,637,221</u>	<u>4,780,564</u>	<u>3,896,202</u>	<u>3,084,000</u>	<u>2,495,000</u>	<u>2,205,000</u>	<u>1,920,000</u>	<u>1,635,000</u>	<u>1,355,000</u>	<u>1,080,000</u>
Legal debt margin	<u>\$ 61,558,294</u>	<u>\$ 59,828,323</u>	<u>\$ 58,761,586</u>	<u>\$ 58,259,964</u>	<u>\$ 58,861,710</u>	<u>\$ 60,044,565</u>	<u>\$ 61,418,641</u>	<u>\$ 62,299,300</u>	<u>\$ 63,557,967</u>	<u>\$ 65,610,642</u>
Total net debt applicable to the limit as a percentage of debt limit	8.39%	7.40%	6.22%	5.03%	4.07%	3.54%	3.03%	2.56%	2.09%	1.62%

Source: Annual Debt Statements

**CLOSTER BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population (A)</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2011	8,425	\$ 69,053	4.50%
2012	8,477	72,152	4.50%
2013	8,547	71,679	7.70%
2014	8,582	74,452	4.50%
2015	8,591	77,666	3.70%
2016	8,592	79,145	3.20%
2017	8,602	81,483	3.00%
2018	8,618	85,951	2.90%
2019	8,547	N/A	2.50%
2020	8,511	N/A	N/A

A - Estimated

Source: New Jersey State Department of Education

N/A = Not Available

CLOSTER BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

	<u>2020</u>		<u>2011</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	67.0	68.5	68.0	67.0	64.0	65.0	85.0	72.6	72.0	71.0
Special education	13.0	11.5	14.0	13.0	13.5	13.0	22.5	18.2	27.0	27.0
Other instruction (ESL, Basic)	7.0	4.5	4.0	4.0	4.0	4.0	7.0	8.0	7.0	7.0
Co-curricular activities							0.2	0.2	0.2	-
Support Services:										
Student and instruction related services	48.4	54.0	60.0	60.0	64.0	72.0	26.0	45.8	44.3	46.2
General administration	4.8	5.6	5.6	5.6	5.0	5.0	5.0	5.8	5.0	5.0
School administrative services	6.6	5.5	5.5	5.5	6.0	6.0	6.0	8.2	7.0	7.0
Central services	2.0	4.0	4.0	4.0	4.0	4.0	2.0	1.0	4.0	4.0
Plant operations and maintenance	11.0	11.0	11.0	11.0	11.0	11.0	12.0	12.0	12.0	12.0
Pupil transportation	-	-	-	-	-	-	1.0	0.7	0.7	0.7
Total	159.8	164.6	172.1	170.1	171.5	180.0	166.7	172.5	179.2	179.9

Source: District Personnel Records

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

Teacher/Pupil Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	1,138	\$ 16,197,844	\$ 14,234	-4.34%	99.4	11.8	12.8	1,132.0	1,093.0	-1.31%	96.55%
2012	1,127	17,302,450	15,353	7.86%	100.5	11.9	11.5	1,121.5	1,077.8	-0.93%	96.10%
2013	1,123	18,503,486	16,477	7.32%	104.5	11.3	11.8	1,123.3	1,081.0	0.16%	96.23%
2014	1,118	18,578,716	16,618	0.86%	104.5	12.06	11.1	1,123.9	1,084.7	0.05%	96.51%
2015	1,120	19,220,969	17,162	3.27%	101.0	11.08	12.6	1,120.5	1,082.6	-0.30%	96.62%
2016	1,114	20,156,828	18,094	5.43%	103.0	11.42	12.4	1,117.8	1,078.5	-0.24%	96.48%
2017	1,155	21,021,247	18,200	0.59%	105.0	12.1	12.1	1,131.5	1,087.7	1.23%	96.13%
2018	1,167	22,279,751	19,091	4.90%	98.7	11.70	11.9	1,165.7	1,120.2	3.02%	96.10%
2019	1,191	23,571,904	19,792	3.67%	106.0	11.80	11.4	1,200.8	1,150.3	3.01%	95.79%
2020	1,197	24,217,505	20,232	2.22%	106.0	12.10	12.3	1,195.4	1,152.9	2.55%	96.44%

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.

N/A - Not Available

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>District Building</u>										
<u>Hillside Elementary School</u>										
Square Feet	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650
Capacity (students)	666	666	666	666	666	666	666	666	666	666
Enrollment	586	561	565	562	577	617	652	684	677	666
<u>Tenakill Middle School</u>										
Square Feet	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655
Capacity (students)	635	635	635	635	635	635	635	635	635	635
Enrollment	546	560	558	556	544	497	503	483	514	531

Number of Schools at June 30, 2020

Elementary = 1

Middle School = 1

Source: District Records

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
LAST TEN YEARS
(Unaudited)**

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

	Project # (s)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
*School Facilities											
Hillside School	N/A	\$ 164,742	\$ 159,031	\$ 173,758	\$ 202,406	\$ 184,374	\$ 211,589	\$ 214,809	\$ 176,262	\$ 193,305	\$ 160,192
Tenakill School	N/A	154,953	200,564	153,847	158,063	143,982	165,235	167,748	137,646	150,955	169,110
Grand Total		<u>\$ 319,695</u>	<u>\$ 359,595</u>	<u>\$ 327,605</u>	<u>\$ 360,469</u>	<u>\$ 328,356</u>	<u>\$ 376,824</u>	<u>\$ 382,557</u>	<u>\$ 313,908</u>	<u>\$ 344,260</u>	<u>\$ 329,302</u>

Source: District Records

**CLOSTER BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2020
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Property-Blanket Building/Contents	\$ 49,038,221	\$ 5,000
General Liability - General Aggregate	\$ 2,000,000	
General Liability - Each Occurrence	\$ 1,000,000	
Commercial Auto Liability	\$ 1,000,000	
Excess Liability - Firemen's Fund Ins. Co. (per Occurrence & Shared Aggregate)	\$ 50,000,000	
Excess Unshared Umbrella - Starstone National Insurance Company	\$ 15,000,000	
Umbrella Liability - Great American insurance Company (Per Occurrence and Aggregate)	\$ 9,000,000	
Educator's Legal Liability - Greenwich Insurance Company	\$ 1,000,000	
Employee Benefits Liability - Great American Insurance Company (Policy Aggregate)	\$ 1,000,000 \$ 2,000,000	\$ 1,000
Public Employee Dishonesty - Selective Ins. Co. of America		
(per employee)	\$ 100,000	\$ 5,000
(per loss)	\$ 500,000	\$ 100,000
Pollution Liability - Chubb/Ace American		
(aggregate)	\$ 4,000,000	\$ 15,000
(Fund Aggregate)	\$ 20,000,000	
Cyber Liability - Indian Harbor		
(Group Aggregate subject to sub-limits)	\$ 6,000,000	
(1st party - per occurrence)	\$ 1,000,000	

Source: School Insurance 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
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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
Closter Board of Education
Closter, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Closter Board of Education's basic financial statements and have issued our report thereon dated January 19, 2021.

Internal Control Over Financial Reporting

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

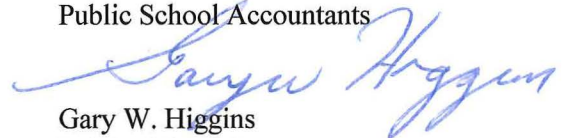
As part of obtaining reasonable assurance about whether the Closter Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 Closter 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 Closter 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
January 19, 2021



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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
Closter Board of Education
Closter, New Jersey

Report on Compliance for Each Major State Program

We have audited the Closter Board of Education’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Closter Board of Education’s major state programs for the fiscal year ended June 30, 2020. The Closter 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 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 Closter 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 Closter 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 Closter Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Closter 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, 2020.

Report on Internal Control Over Compliance

Management of the Closter 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 Closter 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 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 Closter Board of Education's internal control over compliance.

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

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

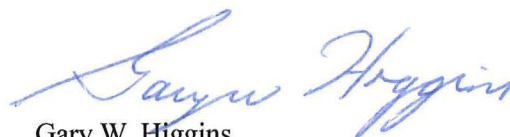
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 19, 2021, 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 purposes 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
January 19, 2021

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL OF AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019			Cash Received	Budgetary Expenditures	Balance, June 30, 2020			GAAP Receivable
						(Accounts Receivable)	Unearned Revenue	Due to Grantor			(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
Passed-Through State Department of Education														
Special Revenue Fund:														
Passed-Through Northern Valley Regional High School														
ESEA - Title I-A	84.010	S010A180030	ESEA0930-20	7/1/19-6/30/20	\$ 95,142				\$ 56,289	\$ 95,142	\$ (38,853)			\$ (38,853)
ESEA - Title I-A	84.010	S010A180030	ESEA0930-19	7/1/18-6/30/19	100,779	\$ (39,107)			39,107					
I.D.E.A. Part B, Basic	84.027	H027A180100	IDEA0930-20	7/1/19-6/30/20	242,655				242,655	242,655				
I.D.E.A. Part B, Preschool	84.173	H173A180114	IDEA0930-20	7/1/19-6/30/20	11,216				11,216	11,216				
Cares Act	84.425D	S425D200027	CARES0930-20	7/1/19-6/30/20	76,499	-	-	-	-	-	(76,499)	\$ 76,499	-	-
Total U.S. Department of Education						(39,107)	-	-	349,267	349,013	(115,352)	76,499	-	(38,853)
U.S. Department of Agriculture														
Passed-Through State Department of Education														
Enterprise Fund:														
Special Milk Program	10.556	201NJ304N1099	N/A	7/1/19-6/30/20	2,577				2,577	2,577	-			-
Special Milk Program	10.556	191NJ304N1099	N/A	7/1/18-6/30/19	6,269	(417)	-	-	417	-	-	-	-	-
Total U.S. Department of Agriculture						(417)	-	-	2,994	2,577	-	-	-	-
Total Federal Awards						\$ (39,524)	\$ -	\$ -	\$ 352,261	\$ 351,590	\$ (115,352)	\$ 76,499	\$ -	\$ (38,853)

Note: This Schedule was not subject to a Single Audit in accordance with U.S. Uniform Guidance.

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Received	Balance, July 1, 2019			Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2020			MEMO	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor				Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Expenditures
State Department of Education														
General Fund														
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 592,766				\$ 541,726	\$ 592,766		\$ (51,040)			*	\$ 592,766
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	508,703	\$ (42,500)			42,500						*	
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	91,347				83,482	91,347		(7,865)			*	91,347
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	91,347	(7,632)			7,632						*	
Total State Aid Public Cluster								<u>684,113</u>					*	
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	311,826					311,826		(311,826)			*	311,826
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	244,453	(244,453)			244,453						*	
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	93,632				85,570	93,632		(8,062)			*	93,632
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	93,632	(7,823)			7,823						*	
Non Public Transportation Reimb.	20-495-034-5120-014	7/1/19-6/30/20	1,247					1,247		(1,247)			* \$	(1,247) 1,247
Non Public Transportation Reimb.	19-495-034-5120-014	7/1/18-6/30/19	10,601	(10,601)			10,601						*	
Total Transportation Aid Cluster								<u>94,879</u>					*	
TPAF Soc. Sec. Cont.	20-495-034-5094-003	7/1/19-6/30/20	733,854				697,618	733,854		(36,236)			*	(36,236) 733,854
On-Behalf Pension LTDI	20-495-034-5094-004	7/1/19-6/30/20	1,575				1,575	1,575					*	1,575
On-Behalf Pension Normal Cost	20-495-034-5094-002	7/1/19-6/30/20	2,111,480				2,111,480	2,111,480					*	2,111,480
On-Behalf Pension NCGI Premium	20-495-034-5094-004	7/1/19-6/30/20	37,846				37,846	37,846					*	37,846
On-Behalf Pension PRM Contr.	20-495-034-5094-001	7/1/19-6/30/20	797,361				797,361	797,361					*	797,361
Total General Fund				(313,009)	-	-	4,669,667	4,772,934	-	(416,276)	-	-	*	(37,483) 4,772,934
Total State Financial Assistance Subject to Single Audit Determination				(313,009)	-	-	4,669,667	4,772,934	-	(416,276)	-	-	*	(37,483) 4,772,934
State Financial Assistance														
Not Subject to Single Audit Determination														
General Fund														
On-Behalf Pension Normal Cost	20-495-034-5094-002	7/1/19-6/30/20	2,111,480				(2,111,480)	(2,111,480)					*	(2,111,480)
On-Behalf Pension LTDI	20-495-034-5094-004	7/1/19-6/30/20	1,575				(1,575)	(1,575)					*	(1,575)
On-Behalf Pension NCGI Premium	20-495-034-5094-004	7/1/19-6/30/20	37,846				(37,846)	(37,846)					*	(37,846)
On-Behalf Pension PRM Contr.	20-495-034-5094-001	7/1/19-6/30/20	797,361				(797,361)	(797,361)					*	(797,361)
Total State Financial Assistance Subject to Major Program Determination				\$ (313,009)	\$ -	\$ -	\$ 1,721,405	\$ 1,824,672	\$ -	\$ (416,276)	\$ -	\$ -	*	\$ (37,483) \$ 1,824,672

**CLOSTER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Closter 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 \$76,385 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 fund. 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		\$ 4,696,549	\$ 4,696,549
Special Revenue Fund	\$ 349,013		349,013
Food Service Fund	<u>2,577</u>	<u>-</u>	<u>2,577</u>
Total Awards Financial Assistance	<u>\$ 351,590</u>	<u>\$ 4,696,549</u>	<u>\$ 5,048,139</u>

**CLOSTER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 \$733,854 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$2,149,326, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$797,361 and TPAF Long-Term Disability Insurance in the amount of \$1,575 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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.

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 federal state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not applicable.

CURRENT YEAR STATE AWARDS

There are none.

**CLOSTER BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

STATUS OF PRIOR YEAR FINDINGS

No prior year findings were reported.