

**SCHOOL DISTRICT OF THE
BOROUGH OF ENGLEWOOD CLIFFS
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

School District
of

Englewood Cliffs

ENGLEWOOD CLIFFS PUBLIC SCHOOLS
Englewood Cliffs, New Jersey

Comprehensive Annual Financial Report
Year Ended June 30, 2020

Comprehensive Annual Financial Report

of the

**ENGLEWOOD CLIFFS PUBLIC SCHOOLS
Englewood Cliffs, New Jersey**

Year Ended June 30, 2020

Prepared by

**Jessenia Kan
Board Secretary/Business Administrator**

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INTRODUCTORY SECTION

ENGLEWOOD CLIFFS PUBLIC SCHOOLS

143 Charlotte Place
Englewood Cliffs, NJ 07632-2681
Telephone (201) 567-7292 FAX: (201) 567-2738



Jennifer Brower, Ed.D.
Superintendent of Schools

Jessenia Kan
Business Administrator/Board Secretary

December 14, 2020

Honorable President and
Members of the Board of Education
Englewood Cliffs School District
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Englewood Cliffs School District (District) for the fiscal year ending June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentations, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the district’s organizational chart and a list of principal officials. The financial section includes the basic financial statements, management’s discussion and analysis and the independent auditor’s report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08

Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings recommendations are included in the single audit section of the report.

1) Reporting Entity and Its Services: The Englewood Cliffs School District is an independent reporting entity with the criteria adopted by GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Englewood Cliffs Board of Education and all its schools constitute the District’s reporting entity. The District provides a full range of services appropriate to grade level Pre-K through 8. These programs include regular and inclusive special education services for handicapped children. The district completed the 2019-2020 fiscal year with an average daily enrollment of 489 students, which represents 5 students below the previous year’s enrollment. The following details the changes in the student enrollment of the District over the last five years.

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-2020	489	0.0
2018-2019	489	-1.0
2017-2018	494	-5.9
2016-2017	525	-3.8
2015-2016	546	1.1

2) Economic Conditions and Outlook: The tax revenue producing areas of Englewood Cliffs have limited growth. Given the current economic climate, it can be expected that this will continue to have an impact on the district's revenues for the foreseeable future.

3) Major Initiatives: We continue to increase the use of technology in our everyday curriculum and the use of Reading, Writing and Math Workshop in Grades K-8 is ongoing. We have professional development in responsive classrooms with the goal to build the capacity of teachers to utilize language to convey subtle and important messages to their students and to motivate them to complete all tasks even when the task is challenging.

With all of the initiatives, we continue to track the progress of these programs and to refine our current programs to insure the success of each child in our school district. With all new and existing programs in place, the Englewood Cliffs School district is positioned to be a leader in the educational reform movement.

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 and misuse and to ensure that adequate accounting data are compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimate and judgments by management.

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

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

5) Budgetary Controls: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue 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 purchasing commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be appropriated 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", Note 2. The district has adopted a cash management plan which requires it to deposit public funds depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA") GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with failing banking institutions 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, hazards and theft insurance on property and contents, fidelity bonds, and student accident. The Board participates in a self-insurance pool (43 school districts) for workers' compensation as a member of the Northeast Bergen County School Board Insurance Group.

8) Other Information - Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkottz, Cerullo & Cuva, P.A. was selected by the Board. In addition to meeting requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations, Part 2, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08. The auditor's report on the general-purpose financial statements and combined and individual fund statement and schedules is included in the financial section of this report. The auditor's report relates specifically to the single audits are included in the single audit section of this report.

9) Acknowledgements: We would like to express our appreciation to the members of the Englewood Cliffs School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operations. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

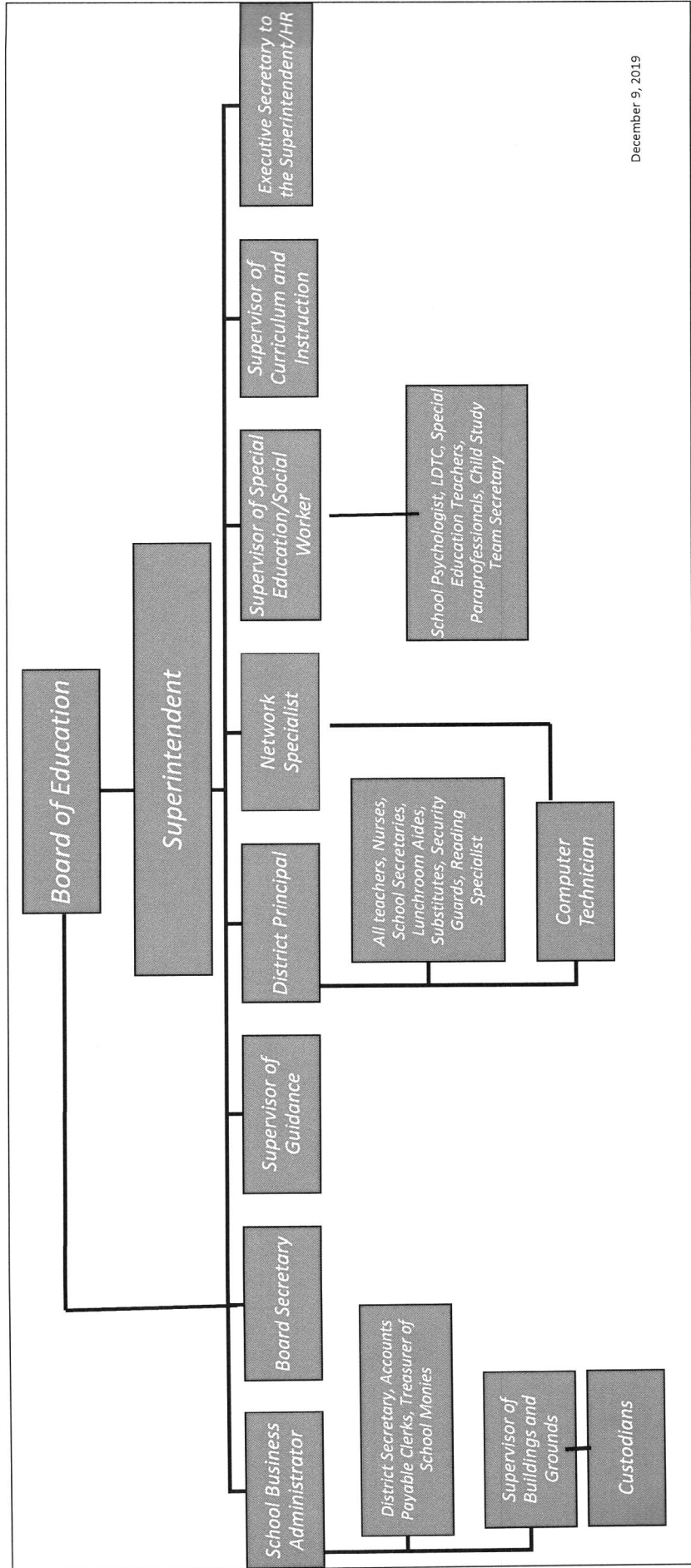


Jennifer Brower
Superintendent of Schools



Jessenia Kan
School Business Administrator/
Board Secretary

ENGLEWOOD CLIFFS SCHOOL DISTRICT ORGANIZATIONAL CHART



December 9, 2019

BOROUGH OF ENGLEWOOD CLIFFS SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2020

Members of the Board of Education

Term Expires

Shanna Jafri, President	2021
Philip K. Choi, Vice-President	2020
Eugene Chang	2020
George Drimones	2021
Edmond Duda	2021
Katherine Kang	2020
Kevin Liao	2022
Gerard Misk	2022
Susan Pak	2022

Other Officials

Jennifer Brower, Ed. D., Superintendent of Schools
Siobhan Tauchert, Principal
Jessenia Kan, Business Administrator/Board Secretary
Charles A. Hangle, Treasurer of School Monies

**ENGLEWOOD CLIFFS BOARD OF EDUCATION
ENGLEWOOD CLIFFS, NEW JERSEY**

CONSULTANTS AND ADVISORS

AUDIT FIRM

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ATTORNEY

Fogarty & Hara
Attorneys at Law
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ARCHITECT

DiCara Rubino
30 Galesi Drive
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OFFICIAL DEPOSITORY

Connect One Bank
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Englewood Cliffs, New Jersey 07632

FINANCIAL SECTION



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

Steven D. Wielkocz, CPA, RMA, PSA
Matthew B. Wielkocz, CPA, PSA
Paul J. Cuva, CPA, RMA, PSA
James J. Cerullo, CPA, RMA, PSA
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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Borough of Englewood Cliffs School District
County of Bergen, 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 Board of Education of the Borough of Englewood Cliffs School District, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



Honorable President and
Members of the Board of Education
Page 2.

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Englewood Cliffs Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, and schedules related to accounting and reporting for pensions and other post employment benefits identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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.

Honorable President and
Members of the Board of Education
Page 3.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Englewood Cliffs Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the State of New Jersey, Department of Education, Division of Finance, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the State of New Jersey, Department of Education, Division of Finance are the responsibility of management and were derived from and relates 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, and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of the Borough of Englewood Cliffs Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions

Honorable President and
Members of the Board of Education
Page 4.

of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Borough of Englewood Cliffs Board of Education's internal control over financial reporting and compliance.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Wielkotz + Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

December 14, 2020

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**BOROUGH OF ENGLEWOOD CLIFFS BOARD OF EDUCATION
ENGLEWOOD CLIFFS, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The discussion and analysis of the Borough of Englewood Cliffs Board of Education’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District’s financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District’s revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position increased \$691,824. Net position of governmental activities increased \$689,960 and net position of business-type activity increased by \$1,864.
- General revenues accounted for \$17,231,395 in revenue or 98 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$256,301 or 2 percent of total revenues of \$17,487,696.
- The School District had \$16,775,028 in expenses related to governmental activities; only \$233,593 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$17,231,395 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (district-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, “Is the District better or worse off as a result of the year’s activities?” These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year’s revenues and expenses are taken into consideration regardless of when cash is received or paid.

**BOROUGH OF ENGLEWOOD CLIFFS BOARD OF EDUCATION
ENGLEWOOD CLIFFS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

Both of the district-wide financial statements distinguish functions of the Borough of Englewood Cliffs Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

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

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Special Milk Fund, Invenengineering Program and Enrichment Program are reported as business activities.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough of Englewood Cliffs Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

**BOROUGH OF ENGLEWOOD CLIFFS BOARD OF EDUCATION
ENGLEWOOD CLIFFS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

The Borough of Englewood Cliffs Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue, capital projects funds, and debt service funds, which are both considered to be major funds.

The Borough of Englewood Cliffs Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general, special revenue, and debt service funds to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Borough of Englewood Cliffs Board of Education uses proprietary funds to account for its special milk and enrichment programs.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**BOROUGH OF ENGLEWOOD CLIFFS BOARD OF EDUCATION
ENGLEWOOD CLIFFS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The School District's net position was \$3,415,831 at June 30, 2020. Restricted net position is reported separately to show legal constraints that limit the School District's ability to use the net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the School District.

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Current and Other Assets	3,481,571	3,534,311	38,985	36,694	3,520,556	3,571,005
Capital Assets	<u>4,961,537</u>	<u>4,477,521</u>	—	—	<u>4,961,537</u>	<u>4,477,521</u>
Total Assets	<u>8,443,108</u>	<u>8,011,832</u>	<u>38,985</u>	<u>36,694</u>	<u>8,482,093</u>	<u>8,048,526</u>
Deferred Outflows:						
Deferred Outflows of Resources						
Related to PERS	<u>826,981</u>	<u>1,132,321</u>	—	—	<u>826,981</u>	<u>1,132,321</u>
Total Deferred Outflows	<u>826,981</u>	<u>1,132,321</u>	—	—	<u>826,981</u>	<u>1,132,321</u>
Liabilities						
Other Liabilities	491,323	351,772	642	215	491,965	351,987
Noncurrent Liabilities	<u>4,195,398</u>	<u>4,723,606</u>	—	—	<u>4,195,398</u>	<u>4,723,606</u>
Total Liabilities	<u>4,686,721</u>	<u>5,075,378</u>	<u>642</u>	<u>215</u>	<u>4,687,363</u>	<u>5,075,593</u>
Deferred Inflows:						
Deferred Inflows of Resources						
Related to PERS	<u>1,205,880</u>	<u>1,201,247</u>	—	—	<u>1,205,880</u>	<u>1,201,247</u>
Total Deferred Outflows	<u>1,205,880</u>	<u>1,201,247</u>	—	—	<u>1,205,880</u>	<u>1,201,247</u>
Net Position						
Invested in Capital Assets	4,276,537	3,457,521			4,276,537	3,457,521
Restricted	2,900,783	2,901,400			2,900,783	2,901,400
Unrestricted	<u>(3,799,832)</u>	<u>(3,671,393)</u>	<u>38,343</u>	<u>36,479</u>	<u>(3,761,489)</u>	<u>(3,634,914)</u>
Total Net Position	<u>3,377,488</u>	<u>2,687,528</u>	<u>38,343</u>	<u>36,479</u>	<u>3,415,831</u>	<u>2,724,007</u>

**BOROUGH OF ENGLEWOOD CLIFFS BOARD OF EDUCATION
ENGLEWOOD CLIFFS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2

**Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</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 and Sales			21,301	49,372	21,301	49,372
Operating Grants and Contributions	233,593	223,490	1,407	2,379	235,000	225,869
General Revenues:						
Taxes:						
Property taxes, levied for general purposes	13,487,365	13,222,907			13,487,365	13,222,907
Property taxes, levied for debt services	252,337	72,961			252,337	72,961
Federal and State Aid not Restricted	3,132,391	3,836,787			3,132,391	3,836,787
Federal and State Aid - Capital Outlay	10,785	16,900			10,785	16,900
Tuition Received	277,000	281,823			277,000	281,823
Miscellaneous Income	66,658	68,961			66,658	68,961
Investment Earnings	<u>4,859</u>	<u>6,112</u>			<u>4,859</u>	<u>6,112</u>
Total Revenues and Transfers	<u>17,464,988</u>	<u>17,729,941</u>	<u>22,708</u>	<u>51,751</u>	<u>17,487,696</u>	<u>17,781,692</u>

**BOROUGH OF ENGLEWOOD CLIFFS BOARD OF EDUCATION
ENGLEWOOD CLIFFS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Functions/Program Expenses						
Instruction:						
Regular	4,807,167	4,919,699			4,807,167	4,919,699
Special Education	1,179,033	1,057,777			1,179,033	1,057,777
Other Special Instruction	275,553	266,191			275,553	266,191
Other Instruction	207,633	107,589			207,633	107,589
Support Services:						
Tuition	2,132,895	2,034,033			2,132,895	2,034,033
Student & Instruction Related Services	2,428,109	2,429,659			2,428,109	2,429,659
General Administrative Services	565,231	518,604			565,231	518,604
School Administrative Services	258,999	265,498			258,999	265,498
Central Administration	276,884	316,508			276,884	316,508
Administrative Information Technology	137,500	88,332			137,500	88,332
Plant Operations and Maintenance	1,114,295	1,140,487			1,114,295	1,140,487
Pupil Transportation	844,437	977,629			844,437	977,629
Unallocated Benefits	2,097,985	2,630,128			2,097,985	2,630,128
Capital Outlay - nondepreciable	32,919	21,025			32,919	21,025
Food Service			2,956	3,916	2,956	3,916
Invengineering Program			2,554	37,448	2,554	37,448
Enrichment Program			15,334		15,334	0
Debt Service:						
Interest and Other Charges	12,357	18,042			12,357	18,042
Unallocated Depreciation	<u>404,031</u>	<u>367,788</u>			<u>404,031</u>	<u>367,788</u>
Total Expenses	<u>16,775,028</u>	<u>17,158,989</u>	<u>20,844</u>	<u>41,364</u>	<u>16,795,872</u>	<u>17,200,353</u>
Increase or (Decrease) in						
Net Position	<u><u>689,960</u></u>	<u><u>570,952</u></u>	<u><u>1,864</u></u>	<u><u>10,387</u></u>	<u><u>691,824</u></u>	<u><u>581,339</u></u>

**BOROUGH OF ENGLEWOOD CLIFFS BOARD OF EDUCATION
ENGLEWOOD CLIFFS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$16,795,872. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$13,739,702 because some of the cost was paid by those who benefitted from the programs \$21,301 by other governments and organizations who subsidized certain programs with grants and contributions \$235,000, unrestricted federal and state aid \$3,132,391, restricted federal and state aid \$10,785 tuition \$277,000, and by miscellaneous sources of \$71,517.

Revenues for the District's business-type activities (special milk and enrichment programs) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Special milk, enrichment and Invenengineering program revenues exceeded expenses by \$1,864.
- ✓ Charges for services provided totaled \$21,301. This represents amounts paid by consumers for daily milk purchases, tuition payments and program fees.
- ✓ Federal and state reimbursement for milks served was \$1,407.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

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

During the fiscal year ended June 30, 2020, the School District amended the budgets of these major governmental funds 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. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditures item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$90,799 for increases in federal and state grant awards.

General Fund

The general fund actual revenue was 16,206,832. That amount is \$1,585,442 above the final amended budget of \$14,621,390. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,679,755 for TPAF social security reimbursements and on-behalf pension payments, \$63,580 in deficit other unrestricted state aid, and \$30,733 in deficit miscellaneous anticipated revenues.

**BOROUGH OF ENGLEWOOD CLIFFS BOARD OF EDUCATION
ENGLEWOOD CLIFFS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)

General Fund, (continued)

The actual expenditures of the general fund were \$16,215,054 which is \$381,427 above the final amended budget of \$15,833,627. The variance between the actual expenditures and final budget was due to non-budget on-behalf TPAF social security and pension payments of \$1,679,755 and \$1,298,328 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$312,667. That amount is above the original budget estimate of \$252,859 and below the final amended budget. The \$90,799 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved. The \$30,991 variance between the final amended budget and the June 30, 2020 actual results was due to the deferral of Federal grants received in the current fiscal year to be spent in the next fiscal year.

The actual expenditures of the special revenue fund were \$312,667, which is above the original budget of \$252,859 and below the final amended budget. The \$90,799 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved. The \$30,991 variance between the final amended budget and the June 30, 2020 actual results was due to the anticipation of fully expending federal grant programs. Expenditures will be incurred in the next fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020 the School District had \$11,992,142 invested in sites, buildings, equipment and construction in progress. Of this amount, \$7,030,605 in depreciation has been taken over the years. We currently have a net book value of \$4,961,537. Total additions for the year were \$944,032 for building improvements, machinery, equipment and site improvements. Table 3 shows fiscal year 2020 balances compared to 2019.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Site Improvements	661,665	443,789			661,665	443,789
Buildings and Building Improvements	4,019,399	3,916,451			4,019,399	3,916,451
Machinery and Equipment	280,473	117,281			280,473	117,281
Construction in Progress					0	0
	<u>4,961,537</u>	<u>4,477,521</u>			<u>4,961,537</u>	<u>4,477,521</u>

**BOROUGH OF ENGLEWOOD CLIFFS BOARD OF EDUCATION
ENGLEWOOD CLIFFS, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

Debt Administration

At June 30, 2020, the district had \$4,195,398 of outstanding debt. Of this amount, \$341,778 is for compensated absences, \$685,000 in school bonds payable, and \$3,168,620 is for the net pension liability.

**Table 4
Outstanding Serial Bonds at June 30,**

	<u>2020</u>	<u>2019</u>
2017 School Refunding Bonds	<u>685,000</u>	<u>1,020,000</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS

Due to the current state of the economy in New Jersey and across the country, our economic outlook is not as bright as we would hope. This economic reality will have an impact on our ability to advance our program and educational goals. These factors will be considered in preparing the Borough of Englewood Cliffs Board of Education’s budget for the 2020-2021 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Borough of Englewood Cliffs Board of Education’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Jessenia Kan
School Business Administrator/Board Secretary
Borough of Englewood Cliffs Board of Education
143 Charlotte Place
Englewood Cliffs, New Jersey 07632

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Statement of Net Position
June 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	646,188	38,887	685,075
Receivables, net	306,224	98	306,322
Restricted assets:			
Various reserve accounts - cash	2,529,159		2,529,159
Capital assets, net:			
Other capital assets, net	4,961,537	-	4,961,537
Total Assets	<u>8,443,108</u>	<u>38,985</u>	<u>8,482,093</u>
Deferred Outflow of Resources:			
Deferred outflows of resources related to PERS	<u>826,981</u>		<u>826,981</u>
Total Deferred Outflows	<u>826,981</u>	<u>-</u>	<u>826,981</u>
LIABILITIES			
Accounts payable and accrued liabilities	419,348	642	419,990
Payable to state government	15,229		15,229
Unearned revenue	56,746		56,746
Noncurrent liabilities:			
Due within one year	508,378		508,378
Due beyond one year	<u>3,687,020</u>		<u>3,687,020</u>
Total liabilities	<u>4,686,721</u>	<u>642</u>	<u>4,687,363</u>
Deferred Inflow of Resources:			
Deferred inflows of resources related to PERS	<u>1,205,880</u>		<u>1,205,880</u>
Total Deferred Inflows	<u>1,205,880</u>	<u>-</u>	<u>1,205,880</u>
NET POSITION			
Invested in capital assets	4,276,537		4,276,537
Restricted for:			
Capital Projects	2,024,410		2,024,410
Other Purposes	876,373		876,373
Unrestricted (Deficit)	<u>(3,799,832)</u>	<u>38,343</u>	<u>(3,761,489)</u>
Total net position	<u><u>3,377,488</u></u>	<u><u>38,343</u></u>	<u><u>3,415,831</u></u>

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

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Statement of Activities
Fiscal Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	3,600,480	1,206,687		182,276		(4,624,891)		(4,624,891)
Special education	847,986	331,047				(1,179,033)		(1,179,033)
Other special instruction	197,916	77,637				(275,553)		(275,553)
Other instruction	149,086	58,547				(207,633)		(207,633)
Support services:								
Tuition	2,132,895					(2,132,895)		(2,132,895)
Student & instruction related services	1,829,374	598,735		51,317		(2,376,792)		(2,376,792)
School administrative services	189,075	69,924				(258,999)		(258,999)
General administrative services	474,494	90,737				(565,231)		(565,231)
Central services	212,163	64,721				(276,884)		(276,884)
Administrative info. tech. services	121,326	16,174				(137,500)		(137,500)
Plant operations and maintenance	914,431	199,864				(1,114,295)		(1,114,295)
Pupil transportation	825,060	19,377				(844,437)		(844,437)
Unallocated benefits	2,097,985					(2,097,985)		(2,097,985)
Capital Outlay - non-depreciable	32,919					(32,919)		(32,919)
Debt Services:								
Interest and other Charges	12,357					(12,357)		(12,357)
Unallocated depreciation		404,031				(404,031)		(404,031)
Total governmental activities	<u>13,637,547</u>	<u>3,137,481</u>	<u>-</u>	<u>233,593</u>	<u>-</u>	<u>(16,541,435)</u>	<u>-</u>	<u>(16,541,435)</u>
Business-type activities:								
Special Milk Fund	2,956		2,251	1,407			702	702
Invigineering Program	2,554		3,150				596	596
Enrichment Program	15,334		15,900				566	566
Total business-type activities	<u>20,844</u>		<u>21,301</u>	<u>1,407</u>	<u>-</u>	<u>-</u>	<u>1,864</u>	<u>1,864</u>
Total primary government	<u>13,658,391</u>		<u>21,301</u>	<u>235,000</u>	<u>-</u>	<u>(16,541,435)</u>	<u>1,864</u>	<u>(16,539,571)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes						13,487,365		13,487,365
Property taxes, levied for debt services						252,337		252,337
Federal and State aid not restricted						3,132,391		3,132,391
Federal and State aid - Capital Outlay						10,785		10,785
Investment Earnings						4,859		4,859
Tuition						277,000		277,000
Miscellaneous income						66,658		66,658
Total general revenues, special items, extraordinary items and transfers						<u>17,231,395</u>	<u>-</u>	<u>17,231,395</u>
Change in Net Position						689,960	1,864	691,824
Net Position—beginning						2,687,528	36,479	2,724,007
Net Position—ending						<u>3,377,488</u>	<u>38,343</u>	<u>3,415,831</u>

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

FUND FINANCIAL STATEMENTS

ENGLEWOOD CLIFFS BOARD OF EDUCATION

Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	595,543	50,645		646,188
Receivables, interfund	220			220
Receivables, state	254,064			254,064
Receivables, federal		26,963		26,963
Receivables, other	24,977			24,977
Restricted cash and cash equivalents	2,529,159			2,529,159
Total assets	<u>3,403,963</u>	<u>77,608</u>	<u>-</u>	<u>3,481,571</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	238,470	13,133		251,603
Payable to state government		15,229		15,229
Unearned revenue	7,500	49,246		56,746
Total liabilities	<u>245,970</u>	<u>77,608</u>	<u>-</u>	<u>323,578</u>
Fund Balances:				
Restricted for:				
Maintenance reserve	254,749			254,749
Emergency reserve	250,000			250,000
Capital reserve account	2,024,410			2,024,410
Assigned to:				
Other Purposes	371,624			371,624
Unassigned:				
General fund	257,210			257,210
Total Fund balances	<u>3,157,993</u>	<u>-</u>	<u>-</u>	<u>3,157,993</u>
Total liabilities and fund balances	<u>3,403,963</u>	<u>77,608</u>	<u>-</u>	
Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,990,142 and the accumulated depreciation is \$7,028,605.				4,961,537
Accrued interest on serial bonds payable is not due and payable in the current period and is not reported as a liability in the funds				(4,367)
Accounts payable for subsequent Pension payment is not a payable in the funds				(163,378)
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.				
Deferred outflows of resources related to PERS Pension Liability				826,981
Deferred inflows of resources related to PERS Pension Liability				(1,205,880)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 3)				<u>(4,195,398)</u>
Net assets of governmental activities				<u>3,377,488</u>

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

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local tax levy	13,487,365		252,337	13,739,702
Tuition	277,000			277,000
Miscellaneous	71,517	-		71,517
Total - Local Sources	<u>13,835,882</u>	<u>-</u>	<u>252,337</u>	<u>14,088,219</u>
State sources	2,365,148	30,894	89,076	2,485,118
Federal sources		213,484		213,484
Total revenues	<u>16,201,030</u>	<u>244,378</u>	<u>341,413</u>	<u>16,786,821</u>
EXPENDITURES				
Current:				
Regular instruction	3,426,190	182,276		3,608,466
Special education instruction	847,986			847,986
Other special instruction	197,916			197,916
Other instruction	149,086			149,086
Support services and undistributed costs:				
Tuition	2,132,895			2,132,895
Student & instruction related services	1,778,057	51,317		1,829,374
School administrative services	189,075			189,075
General administrative services	474,494			474,494
Central Services	212,163			212,163
Administrative information tech. services	121,326			121,326
Plant operations and maintenance	914,431			914,431
Pupil transportation	825,060			825,060
Unallocated benefits	2,308,440			2,308,440
On-behalf contributions	1,679,755			1,679,755
Capital Outlay	958,180	10,785		968,965
Debt Service:				
Principal			335,000	335,000
Interest and other Charges			14,493	14,493
Total expenditures	<u>16,215,054</u>	<u>244,378</u>	<u>349,493</u>	<u>16,808,925</u>
Excess (Deficiency) of revenues over expenditures	<u>(14,024)</u>	<u>-</u>	<u>(8,080)</u>	<u>(22,104)</u>
Net change in fund balances	(14,024)	-	(8,080)	(22,104)
Fund balance—July 1	3,172,017		8,080	3,180,097
Fund balance—June 30	<u>3,157,993</u>	<u>-</u>	<u>-</u>	<u>3,157,993</u>

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

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Fiscal Year Ended June 30, 2020

Total net change in fund balances - governmental funds (from B-2) (22,104)

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

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

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

	Depreciation expense	(460,016)	
	Depreciable Capital outlays - Fund 11	7,986	
	Depreciable Capital outlays - Fund 12	925,261	
	Depreciable Capital outlays - Fund 20	<u>10,785</u>	
			484,016

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. In the current year, these amounts consist of:

Principal payment on serial bonds 335,000

In the statement of activities, interest on long-term debt is accrued, regardless of when due.

In the governmental funds, interest is reported when due. The accrued interest is a subtraction in the reconciliation.(-)

	General Bond Obligations - Prior Year	6,503	
	General Bond Obligations	<u>(4,367)</u>	
			2,136

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Decrease in compensated absences payable 9,705

District pension contributions are reported as expenditures in the governmental funds when made.

However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changed in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

	District Pension Contributions	171,054	
	Less: Pension Expense	<u>(289,847)</u>	
	(Increase)/Decrease in Pension Expense		(118,793)

Per GASB No. 68, Non-employer contributing entities are required to record any increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

	Increase in On-behalf State Aid TPAF Pension	610,067	
	Increase in On-behalf TPAF Pension Expense	(610,067)	

Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post employment medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

	Increase in On-behalf State Aid TPAF Post Employment Medical Revenue	68,100	
	Increase in On-behalf State Aid TPAF Post Employment Medical Expense	(68,100)	

689,960

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

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2020

	<u>Special Milk Program</u>	<u>Enrichment Program</u>	<u>Invengineering Program</u>	<u>Totals</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	3,398	34,893	596	38,887
Accounts receivable:				
Federal	98			98
Total current assets	<u>3,496</u>	<u>34,893</u>	<u>596</u>	<u>38,985</u>
Noncurrent assets:				
Capital assets:				
Equipment	2,000			2,000
Less accumulated depreciation	<u>(2,000)</u>			<u>(2,000)</u>
Total capital assets (net of accumulated depreciation)	-	-	-	-
Total assets	<u>3,496</u>	<u>34,893</u>	<u>596</u>	<u>38,985</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts Payable	642	-	-	642
Total current liabilities	<u>642</u>	<u>-</u>	<u>-</u>	<u>642</u>
<u>NET POSITION</u>				
Unrestricted	2,854	34,893	596	38,343
Total net position	<u>2,854</u>	<u>34,893</u>	<u>596</u>	<u>38,343</u>

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

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2020

	Special Milk Program	Enrichment Program	Invengineering Program	Totals
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	2,251			2,251
Tuition Charges		15,900	3,150	19,050
Total operating revenues	<u>2,251</u>	<u>15,900</u>	<u>3,150</u>	<u>21,301</u>
Operating expenses:				
Cost of sales - reimbursable programs	2,314			2,314
Salaries and wages		14,462	2,262	16,724
Purchased services		800		800
Supplies and materials	642	72	292	1,006
Total Operating Expenses	<u>2,956</u>	<u>15,334</u>	<u>2,554</u>	<u>20,844</u>
Operating income (loss)	<u>(705)</u>	<u>566</u>	<u>596</u>	<u>457</u>
Nonoperating revenues (expenses):				
Federal sources:				
Special milk program	1,407	-		1,407
Total nonoperating revenues (expenses)	<u>1,407</u>	<u>-</u>	<u>-</u>	<u>1,407</u>
Income (loss) before contributions & transfers	702	566	596	1,864
Change in net position	702	566	596	1,864
Total net position—beginning	<u>2,152</u>	<u>34,327</u>	<u>596</u>	<u>36,479</u>
Total net position—ending	<u><u>2,854</u></u>	<u><u>34,893</u></u>	<u><u>596</u></u>	<u><u>38,343</u></u>

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

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2020

	<u>Special Milk Program</u>	<u>Enrichment Program</u>	<u>Invengineering Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	2,251	15,900	3,150	21,301
Payments for milk purchases	(2,529)			(2,529)
Payments for salaries and wagers		(14,462)	(2,262)	(16,724)
Payments for purchased services		(800)		(800)
Payments for supplies		(72)	(292)	(364)
Net cash provided by (used for) operating activities	<u>(278)</u>	<u>566</u>	<u>596</u>	<u>884</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Federal sources	1,746	-	-	1,746
Net cash provided by (used for) non-capital financing activities	<u>1,746</u>	<u>-</u>	<u>-</u>	<u>1,746</u>
Net increase (decrease) in cash and cash equivalents	1,468	566	596	2,630
Balances—beginning of year	1,930	34,327	-	36,257
Balances—end of year	<u>3,398</u>	<u>34,893</u>	<u>596</u>	<u>38,887</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(705)	566	596	457
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				-
Increase (decrease) in accounts payable	427	-		427
Total adjustments	<u>427</u>	<u>-</u>	<u>-</u>	<u>427</u>
Net cash provided by (used for) operating activities	<u>(278)</u>	<u>566</u>	<u>596</u>	<u>884</u>

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

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	233,011
Total assets	<u>233,011</u>
 LIABILITIES	
Payable to student groups	12,331
Payroll deductions and withholdings	22,883
Net payroll	6,672
Net payroll - summer pay	185,727
Flexible spending	5,178
Interfund - General Fund	220
Total liabilities	<u>233,011</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of the School District and Reporting Entity:

The Board of Education ("Board") of the Borough of Englewood Cliffs School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Englewood Cliffs School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools and a middle school, located in the Borough of Englewood Cliffs. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basis of Presentation:

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

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

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

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Fund Financial Statements: (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

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

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Fund Financial Statements: (continued)

GOVERNMENTAL FUNDS, (continued)

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

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

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

The Board's Enterprise Fund is comprised of the Special Milk, Enrichment and Invenengineering Programs.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, Student Activities Fund, Payroll and Payroll Agency Funds.

C. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Measurement Focus: (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

E. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E. Budgets/Budgetary Control: (continued)

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

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

F. Encumbrances:

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

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

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

G. Cash, Cash Equivalents and Investments:

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

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

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

G. Cash, Cash Equivalents and Investments: (continued)

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Tuition Payable:

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

I. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

J. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

L. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

M. Compensated Absences:

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

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

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

N. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

O. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

P. Accounting and Financial Reporting for Pensions:

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

P. Accounting and Financial Reporting for Pensions: (continued)

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Q. 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. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pension.

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 District has one item that qualifies in this category, deferred amounts related to pension.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

R. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

S. Net Position:

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

S. Net Position: (continued)

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

T. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

U. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

V. Allocation of Indirect Expenses:

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

W. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

X. New Accounting Standards:

During fiscal year 2020, the District did not adopt any new GASB Statements.

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

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. This Statement was effective for reporting periods beginning after December 15, 2018. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires 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. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the end of a Construction*. The objectives of this Statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 31, 2018. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

X. New Accounting Standards: (continued)

GASB Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 92, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves 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 and includes specific provisions. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 93, *Replacement of Interbank Offering Rates*. The objective of this Statement is to address certain issues with Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, Statement No. 87, *Leases*, as amended and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for fiscal years beginning after June 15, 2020. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

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 District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2020, \$-0- of the District's bank balance of \$4,320,199 was exposed to custodial credit

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Investments

Investment Rate Risk

The District 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. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 3. RECEIVABLES

Receivables at June 30, 2020, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Business- Type Activities</u>	<u>District Wide Financial Statements</u>
State Aid	\$254,064	\$	\$254,064
Federal Aid	26,963	98	27,061
Other Receivables	24,977		24,977
Interfund Receivables	<u>220</u>	<u> </u>	<u>220</u>
Gross Receivables	306,224	98	306,322
Less: Allowance for Uncollectibles	<u> </u>	<u> </u>	<u> </u>
Total Receivables, Net	<u><u>\$306,224</u></u>	<u><u>\$98</u></u>	<u><u>\$306,322</u></u>

Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020

NOTE 4. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2020 consist of the following:

\$220 Due to the General Fund from the Payroll Agency Fund to transfer amounts in excess of that needed to satisfy outstanding payroll deduction liabilities.

NOTE 5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets that are not being Depreciated:				
Land	\$	\$	\$	\$
Construction in Progress	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets not being Depreciated	<u> 0</u>	<u> </u>	<u> 0</u>	<u> </u>
Capital Assets Being Depreciated				
Site Improvements	809,009	254,735		1,063,744
Buildings and Building Improvements	9,583,259	470,120		10,053,379
Machinery and Equipment	<u>653,842</u>	<u>219,177</u>	<u> </u>	<u>873,019</u>
Totals at Historical Cost	<u>11,046,110</u>	<u>944,032</u>	<u> </u>	<u>11,990,142</u>
Less Accumulated Depreciation:				
Site Improvements	(365,220)	(36,859)		(402,079)
Buildings and Improvements	(5,666,808)	(367,172)		(6,033,980)
Equipment	<u>(536,561)</u>	<u>(55,985)</u>	<u> </u>	<u>(592,546)</u>
Total Accumulated Depreciation	<u>(6,568,589)</u>	<u>(460,016)</u>	<u> </u>	<u>(7,028,605)</u>
Total Capital Assets, Being Depreciated, Net of Accumulated Depreciation	<u>4,477,521</u>	<u>484,016</u>	<u> </u>	<u>4,961,537</u>
Governmental Activities Capital Assets, Net	<u>\$4,477,521</u>	<u>\$484,016</u>	<u> 0</u>	<u>\$4,961,537</u>

Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020

NOTE 5. CAPITAL ASSETS, (continued)

	Balance <u>6/30/19</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/20</u>
Business-Type Activity				
Equipment	\$2,000	\$	\$	\$2,000
Less Accumulated Depreciation for:				
Equipment	<u>(2,000)</u>	_____	_____	<u>(2,000)</u>
Business-Type Activity Capital Assets, Net	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$19,223
Support Services:	
Instruction	34,952
School Administration	493
Operations & Maintenance	1,317
Buildings	18,480
Building Improvements	348,692
Land Improvements	<u>36,859</u>
Total Depreciation Expense	<u>\$460,016</u>

NOTE 6. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the year ended June 30, 2020 were as follows:

	Balance <u>June 30, 2019</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>June 30, 2020</u>	Amount Due Within <u>One Year</u>	Long-Term <u>Portion</u>
Governmental Activities:						
Bonds Payable:						
General Obligation Debt	\$1,020,000	\$ _____	\$335,000	\$685,000	\$345,000	\$340,000
Total Bonds Payable	1,020,000		335,000	685,000	345,000	340,000
Other Liabilities:						
Compensated Absences Payable	351,483	33,070	42,775	341,778		341,778
Net Pension Liability PERS	<u>3,352,123</u>	_____	<u>183,503</u>	<u>3,168,620</u>	<u>163,378</u>	<u>3,005,242</u>
Total Other Liabilities	<u>\$4,723,606</u>	<u>\$33,070</u>	<u>\$561,278</u>	<u>\$4,195,398</u>	<u>\$508,378</u>	<u>\$3,687,020</u>

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 6. LONG-TERM OBLIGATION ACTIVITY, (continued)

A. Bonds and Loans Payable:

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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

Outstanding bonds payable at June 30, 2020, consisted of the following:

<u>Issue</u>	<u>Amount Issued</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2020</u>
School Refunding Bonds	\$1,685,000	04/19/2017	1.700%	08/15/2021	<u>\$685,000</u>

Principal and interest due on serial bonds outstanding is as follows:

2021	\$353,713	\$345,000	\$8,713
2022	<u>342,890</u>	<u>340,000</u>	<u>2,890</u>
	<u>\$696,603</u>	<u>\$685,000</u>	<u>\$11,603</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2020 the Board had authorized but not issued bonds of \$-0-.

C. Refunding Bonds

On April 19, 2017, the District issued \$1,685,000 in School Refunding Bonds with an interest rate of 1.70% to refund \$1,636,000 of the \$3,956,000 school bonds dated October 18, 2006 with an interest rate of 4%. The refunding bonds will mature on August 15, 2017 through August 15, 2021 and constitute a current refunding. The net proceeds from the issuance of the school refunding bonds were used to purchase U.S. government securities and those securities were deposited with an escrow agent who paid the debt service requirements of the refunded bonds on May 24, 2017 at a redemption price equal to 100% of par.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 7. OPERATING LEASES

The District has entered into various operating leases for copying equipment which expire in 2023. Total operating lease payments made during the year ended June 30, 2020 were \$19,057. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
June 30, 2021	\$18,896
June 30, 2022	18,220
June 30, 2023	<u>11,453</u>
	<u>\$48,569</u>

NOTE 8. PENSION PLANS

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

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

Benefits Provided

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 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.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS, (continued)

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

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

Benefits Provided

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

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS, (continued)

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

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contributions Requirements Fund Based Statements

The Board's contribution to PERS and DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/20	\$171,054	\$4,590
6/30/19	169,343	4,413
6/30/18	158,777	4,925

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS, (continued)

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	Pension	Post-Retirement	NCGI	Long-Term
<u>Ending</u>	<u>Contributions</u>	<u>Medical</u>	<u>Premium</u>	<u>Disability</u>
		<u>Contributions</u>		<u>Insurance</u>
6/30/20	\$945,189	\$356,933	\$16,941	\$928
6/30/19	854,222	395,584	17,881	1,075
6/30/18	667,009	441,261	16,187	990

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$359,764 during the 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 included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2020, the District had a liability of \$3,168,620 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2019, the District's proportion was .0175853854 percent, which was an increase of .000560455 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$289,847. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS, (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$56,873	\$13,998
Changes of assumptions	316,398	1,099,818
Net difference between projected and actual earnings on pension plan investments		50,018
Changes in proportion and differences between District contributions and proportionate share of contributions	290,332	42,046
District contributions subsequent to the measurement date	<u>163,378</u>	<u> </u>
Total	<u>\$826,981</u>	<u>\$1,205,880</u>

The \$163,378 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$(91,495)
2021	(296,809)
2022	(265,033)
2023	(124,447)
2024	(12,778)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS, (continued)

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$3,149,522,616	\$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
District's Proportion	.0175853854%	.0170249300%

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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 Percent

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS, (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non- Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2019.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in 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%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2019</u>		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>5.28%</u>	<u>6.28%</u>	<u>7.28%</u>
District's proportionate share of the pension liability	\$4,008,282	\$3,168,620	\$2,461,085

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer

Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020

NOTE 8. PENSION PLANS, (continued)

contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2020 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>26,655,230</u>
	<u>\$26,655,230</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the proportion of the TPAF net pension liability associated with the District was .0434329796%.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$1,572,197 for contributions provided by the State in the District-Wide Financial Statements.

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:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45% (based on years of service)
Thereafter	2.75%-5.65% (based on years of service)
Investment Rate of Return	7.00%

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS, (continued)

Mortality Rates

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 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%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 70% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 9. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

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 provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of 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. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 9. POST-RETIREMENT BENEFITS, (continued)

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2019, the State contributed \$1.908 billion to pay for “pay-as-you-go” PRM benefit costs incurred by covered retirees. The State’s “pay-as-you-go” contributions have remained consistent with Fiscal Year 2018 amounts. The Fiscal Year 2020 Appropriations Act includes \$1.612 billion as the State's contribution to fund “pay-as-you-go” PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2020 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share	
associated with the District	<u>17,774,517</u>
	<u>\$17,774,517</u>

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 9. POST-RETIREMENT BENEFITS, (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 9. POST-RETIREMENT BENEFITS, (continued)

(a) *Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate 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 rate 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%.

(b) *Discount Rate*

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

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

For the year ended June 30, 2020, the board of education/board of trustees recognized on-behalf OPEB expense of \$425,033 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

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

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 10. DEFERRED COMPENSATION

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

Equitable Equi-Vest	Oppenheimer/Invesco
Valic	Security Benefit

NOTE 11. RISK MANAGEMENT

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

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

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this plan, the District remits contributions directly to the New Jersey Unemployment Trust Fund.

NOTE 12. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Englewood Cliffs Board of Education by inclusion of \$1.00 on October 2, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 12. CAPITAL RESERVE ACCOUNT, (continued)

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$2,161,547
Increased by:	
Interest Earnings	4,196
Board Transfer - June 30, 2020	746,335
Budgeted Withdrawal Returned - Unexpended	<u>102,132</u>
	3,014,210
Budgeted Withdrawal - FY20 Adopted Budget	<u>(989,800)</u>
Ending balance, June 30, 2020	<u><u>\$2,024,410</u></u>

NOTE 13. MAINTENANCE RESERVE ACCOUNT

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCRA (N.J.A.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

Section 6 of N.J.S.A. 18A:7F-41(a) and 41(b) provides that a district may supplement a maintenance reserve account by board resolution at year end for any unanticipated revenue and/or unexpended line item appropriations.

The activity of the Maintenance Reserve Account for July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$254,086
Interest Earnings	<u>663</u>
Ending balance, June 30, 2020	<u><u>\$254,749</u></u>

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 14. EMERGENCY RESERVE ACCOUNT

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation 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.

The activity of the Emergency Reserve Account for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	<u>\$250,000</u>
Ending balance, June 30, 2020	<u>\$250,000</u>

NOTE 15. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$3,157,993 General Fund fund balance at June 30, 2020, \$371,624 is reserved for encumbrances; \$-0- is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$-0- of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ended June 30, 2021); \$2,024,410 has been reserved in the Capital Reserve Account; \$254,749 has been reserved in the Maintenance Reserve Account; \$250,000 has been reserved in the Emergency Reserve Account; and \$257,210 is unreserved and undesignated.

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance for the year ended June 30, 2020 is \$-0- of which \$-0- is the result of current year's operations and \$-0- is prior year excess surplus.

NOTE 17. CONTINGENT LIABILITIES

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

**Borough of Englewood Cliffs School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 17. CONTINGENT LIABILITIES, (continued)

Litigation - 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.

NOTE 18. SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 14, 2020, the date which the financial statements were available to be issued and the following item was noted for disclosure:

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Borough of Englewood Cliffs. The Board has identified several risks as a result of this pandemic, including a possible delay in collection of District taxes and cash flow shortages as the result of these delayed collections. In addition, possible increase in expenditures related to the COVID-19 pandemic that will not be reimbursed by the Federal or State governments. The Board will continue to monitor the situation closely.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
General Fund:					
Revenues from Local Sources:					
Local Tax Levy	\$ 13,487,365		13,487,365	13,487,365	
Tuition	274,000		274,000	277,000	3,000
Unrestricted Miscellaneous Revenues	100,000		100,000	66,658	(33,342)
Interest Earned on Maintenance Reserve	250		250	663	413
Interest Earned on Capital Reserve Funds	5,000		5,000	4,196	(804)
Total - Local Sources	<u>13,866,615</u>		<u>13,866,615</u>	<u>13,835,882</u>	<u>(30,733)</u>
Revenues from State Sources:					
Categorical Special Education Aid	304,738		304,738	304,738	
Categorical Security Aid	8,968		8,968	8,968	
Categorical Transportation Aid	141,069		141,069	141,069	
Extraordinary Aid	300,000		300,000	231,215	(68,785)
Other Unrestricted State Aid - NonPublic Transportation Aid				5,205	5,205
On-behalf TPAF Post-Retirement Medical (non-budgeted)				356,933	356,933
On-behalf TPAF Pension (non-budgeted)				945,189	945,189
On-behalf TPAF NCGI Premium (non-budgeted)				16,941	16,941
On-behalf TPAF - LTDI				928	928
Reimbursed TPAF Social Security Contributions (non-budgeted)				359,764	359,764
Total - State Sources	<u>754,775</u>		<u>754,775</u>	<u>2,370,950</u>	<u>1,616,175</u>
TOTAL REVENUES	<u>14,621,390</u>		<u>14,621,390</u>	<u>16,206,832</u>	<u>1,585,442</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	161,024	(52,760)	108,264	108,264	
Kindergarten - Salaries of Teachers	290,901	54,376	345,277	345,277	
Grades 1-5 - Salaries of Teachers	1,738,078	(224,468)	1,513,610	1,513,610	
Grades 6-8 - Salaries of Teachers	1,068,313	(7,321)	1,060,992	1,056,333	4,659
Regular Programs - Home Instruction:					
Purchased Professional-Educational Services		2,820	2,820	2,679	141
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	1,000	(14)	986	298	688
Purchased Professional-Educational Services	10,061	2,288	12,349	12,196	153
Purchased Technical Services	52,469	6,219	58,688	58,270	418
Other Purchased Services (400-500 series)	86,832	(9,938)	76,894	75,955	939
General Supplies	210,278	41,307	251,585	222,692	28,893
Textbooks	6,166	753	6,919	6,919	
Other Objects	33,576	5,277	38,853	23,697	15,156
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>3,658,698</u>	<u>(181,461)</u>	<u>3,477,237</u>	<u>3,426,190</u>	<u>51,047</u>
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	676,267	46,275	722,542	717,710	4,832
General Supplies		4,876	4,876	4,329	547
Total Resource Room/Resource Center	<u>676,267</u>	<u>51,151</u>	<u>727,418</u>	<u>722,039</u>	<u>5,379</u>
Preschool Disabilities- Full-Time:					
Salaries of Teachers	10,924	42,885	53,809	51,809	2,000
Other Salaries for Instruction	73,821		73,821	73,466	355
General Supplies	1,000	(231)	769	672	97
Total Preschool Disabilities - Full-Time	<u>85,745</u>	<u>42,654</u>	<u>128,399</u>	<u>125,947</u>	<u>2,452</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>762,012</u>	<u>93,805</u>	<u>855,817</u>	<u>847,986</u>	<u>7,831</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	107,496	3,334	110,830	110,830	
Total Basic Skills/Remedial - Instruction	<u>107,496</u>	<u>3,334</u>	<u>110,830</u>	<u>110,830</u>	
Bilingual Education - Instruction					
Salaries of Teachers	92,955	(6,088)	86,867	86,866	1
General Supplies	499	(237)	262	220	42
Total Bilingual Education - Instruction	<u>93,454</u>	<u>(6,325)</u>	<u>87,129</u>	<u>87,086</u>	<u>43</u>
School-Sponsored Cocurricular Activities - Instruction					
Supplies and Materials	3,000		3,000		3,000
Total School-Sponsored Cocurricular Activities - Instruction	<u>3,000</u>		<u>3,000</u>		<u>3,000</u>
Other Supplemental/At Risk Prog-Inst					
Salaries of Reading Specialist	83,162	70,000	153,162	149,086	4,076
General Supplies	3,730		3,730		3,730
Total Other Supplemental/At Risk Prog-Inst	<u>86,892</u>	<u>70,000</u>	<u>156,892</u>	<u>149,086</u>	<u>7,806</u>
TOTAL INSTRUCTION	<u>4,711,552</u>	<u>(20,647)</u>	<u>4,690,905</u>	<u>4,621,178</u>	<u>69,727</u>

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	875,000	(106,815)	768,185	736,152	32,033
Tuition to Other LEAs Within the State - Special	466,715	(20,909)	445,806	375,575	70,231
Tuition to County Voc. School Dist. - Regular	436,356	42,589	478,945	456,799	22,146
Tuition to County Voc. School Dist. - Special	54,000	48,544	102,544	94,792	7,752
Tuition to CSSD & Regional Day Schools		69,900	69,900	62,100	7,800
Tuition to Private Schools for the Disabled - Within State	707,586	(293,812)	413,774	403,869	9,905
Tuition Other		6,537	6,537	3,608	2,929
Total Undistributed Expenditures - Instruction:	<u>2,539,657</u>	<u>(253,966)</u>	<u>2,285,691</u>	<u>2,132,895</u>	<u>152,796</u>
Undist. Expend. - Health Services					
Salaries	131,227	(14,632)	116,595	116,595	
Purchased Professional and Technical Services	8,060	23,745	31,805	23,539	8,266
Other Purchased Services (400-500 series)	500	(272)	228	228	
Supplies and Materials	10,597	(2,940)	7,657	6,864	793
Total Undistributed Expenditures - Health Services	<u>150,384</u>	<u>5,901</u>	<u>156,285</u>	<u>147,226</u>	<u>9,059</u>
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	101,738	3,918	105,656	102,854	2,802
Purchased Prof. Services-Educational Services	296,031	(64,605)	231,426	184,296	47,130
Supplies and Materials	4,142	(1,238)	2,904	2,904	
Total Undist. Expend. - Speech, OT, PT & Related Serv.	<u>401,911</u>	<u>(61,925)</u>	<u>339,986</u>	<u>290,054</u>	<u>49,932</u>
Undist. Expend. - Other Supp. Serv. Students-Extra. Serv.					
Salaries	368,467	(12,409)	356,058	305,181	50,877
Other Objects	2,000		2,000	449	1,551
Total Undist. Expend. -Other Supp. Serv. Students-Extra. Serv.	<u>370,467</u>	<u>(12,409)</u>	<u>358,058</u>	<u>305,630</u>	<u>52,428</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	95,388	12,408	107,796	107,490	306
Salaries of Secretarial and Clerical Assistants	22,393	537	22,930	22,930	
Other Purchased Services (400-500 series)	200	(99)	101		101
Supplies and Materials	2,650	(669)	1,981	1,981	
Other Objects	1,120	(25)	1,095	1,095	
Total Undist. Expend. - Guidance	<u>121,751</u>	<u>12,152</u>	<u>133,903</u>	<u>133,496</u>	<u>407</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	378,874	15,952	394,826	394,525	301
Salaries of Secretarial and Clerical Assistants	51,532	(150)	51,382	51,381	1
Purchased Prof. Services-Educational Services	3,000	(2,340)	660	495	165
Other Purchased Prof. and Tech Services	61,448	(14,393)	47,055	33,403	13,652
Other Purchased Services (400-500 series)	6,150	(6,150)			
Misc. Pur Services (400-500 Series O/than Resid Costs)			5,241	3,840	1,401
Supplies and Materials	10,935	(4,621)	6,314	5,784	530
Other Objects	1,225	70	1,295	1,295	
Total Undist. Expend. - Child Study Teams	<u>513,164</u>	<u>(6,391)</u>	<u>506,773</u>	<u>490,723</u>	<u>16,050</u>
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	97,508	15,090	112,598	112,336	262
Salaries of Other Professional Staff	15,300	5,364	20,664	20,664	
Supplies and Materials		153	153	153	
Other Purch Services (400-500)	690	(351)	339	218	121
Other Objects	1,010	(16)	994	994	
Total Undist. Expend. - Improvement of Inst. Services	<u>114,508</u>	<u>20,240</u>	<u>134,748</u>	<u>134,365</u>	<u>383</u>
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	78,652	(1,132)	77,520	76,520	1,000
Salaries of Technology Coordinators	117,495	7,659	125,154	125,153	1
Purchased Professional and Technical Services	7,003	38,319	45,322	38,233	7,089
Other Purch Services (400-500)	200	19	219	206	13
Supplies and Materials	5,117	18,732	23,849	13,508	10,341
Other Objects	65		65	65	
Total Undist. Expend. - Educational Media Serv./Sch. Library	<u>208,532</u>	<u>63,597</u>	<u>272,129</u>	<u>253,685</u>	<u>18,444</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	43,540	(18,638)	24,902	2,577	22,325
Other Purchased Services (400-500 series)	23,630	(2,580)	21,050	20,301	749
Total Undist. Expend. - Instructional Staff Training Serv.	<u>67,170</u>	<u>(21,218)</u>	<u>45,952</u>	<u>22,878</u>	<u>23,074</u>
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	231,107	(52)	231,055	231,053	2
Legal Services	30,000	91,747	121,747	121,747	
Audit Fees	41,500	500	42,000	21,000	21,000
Architectural/Engineering Services	15,000	27,045	42,045	27,474	14,571
Other Purchased Professional Services	1,000	125	1,125	125	1,000
Communications/Telephone	21,960	(1,971)	19,989	17,087	2,902
Misc. Purch Services (400-500 Series)	34,049	6,135	40,184	40,142	42
General Supplies	2,330	1,262	3,592	3,592	
BOE In House Training/Meeting Supplies	240	(72)	168	167	1
Misc. Expenditures	2,525	(317)	2,208	2,208	
BOE Membership Dues and Fees	10,100	(201)	9,899	9,899	

Exhibit C-1

ENGLEWOOD CLIFFS BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Total Undist. Expend. - Supp. Serv. - General Administration	389,811	124,201	514,012	474,494	39,518

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	70,889	19,710	90,599	69,413	21,186
Salaries of Secretarial and Clerical Assistants	109,397	(302)	109,095	107,389	1,706
Purchased Prof & Technical Services	2,059		2,059	2,059	
Other Purchased Services (400-500 series)	4,496		4,496	3,285	1,211
Supplies and Materials	7,375		7,375	4,872	2,503
Other Objects	2,891		2,891	2,057	834
Total Undist. Expend. - Support Serv. - School Administration	197,107	19,408	216,515	189,075	27,440
Undist. Expend. - Support Serv. - Central Services					
Salaries	162,730	14,489	177,219	164,806	12,413
Purchased Professional Services	20,000	350	20,350	19,406	944
Purchased Technical Services	14,169	285	14,454	14,454	
Misc. Pur Services (400-500 Series)	1,709	2,070	3,779	2,154	1,625
Supplies and Materials	5,725	7,704	13,429	9,503	3,926
Miscellaneous Expenditures	1,465	1,950	3,415	1,840	1,575
Total Undist. Expend. - Support Serv. - Central Services	205,798	26,848	232,646	212,163	20,483
Undist. Expend. -Admin. Info. Tech					
Salaries	35,000	6,188	41,188	41,188	
Purchased Professional Services	19,104	2,810	21,914	21,914	
Purchased Technical Services	60,094	(1,024)	59,070	51,523	7,547
Other Purchased Services (400-500 series)	800	380	1,180	1,180	
Supplies and Materials	9,823	(4,299)	5,524	5,521	3
Total Undist. Expend. - Admin. Info. Tech	124,821	4,055	128,876	121,326	7,550
Undist. Expend. - Required Maint. for School Facilities (261)					
Cleaning, Repair and Maintenance Services	102,637	(41,218)	61,419	48,498	12,921
General Supplies	25,000	27,240	52,240	47,015	5,225
Other Objects	945	446	1,391	1,391	
Total Undist. Expend. - Required Maint. for School Facilities	128,582	(13,532)	115,050	96,904	18,146
Undist. Expend. - Custodial Services (262)					
Salaries	390,981	(4,244)	386,737	386,303	434
Salaries of Non-Instructional Aides	70,520	(15,668)	54,852	52,051	2,801
Cleaning, Repair and Maintenance Services	33,000	(2,565)	30,435	30,349	86
Other Purchased Property Services	23,500		23,500	20,323	3,177
Insurance	49,000	4,656	53,656	53,656	
Travel		500	500		500
Miscellaneous Purchased Services	500	(500)			
General Supplies	43,094	(4,656)	38,438	31,026	7,412
Energy (Natural Gas)	48,000		48,000	36,430	11,570
Energy (Electricity)	80,000		80,000	63,540	16,460
Total Undist. Expend. - Custodial Services (262)	738,595	(22,477)	716,118	673,678	42,440
Undist. Expend. - Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	64,445	(10,245)	54,200	36,190	18,010
General Supplies	15,091	(3,630)	11,461	5,097	6,364
Total Undist. Expend. - Care & Upkeep of Grounds	79,536	(13,875)	65,661	41,287	24,374
Undist. Expend. - Security					
Salaries	46,000	21,228	67,228	67,228	
Cleaning, Repair and Maintenance Services	12,500	9,010	21,510	21,415	95
Other Objects		75	75	75	
General Supplies	1,000	18,484	19,484	13,844	5,640
Total Undist. Expend. - Security	59,500	48,797	108,297	102,562	5,735
Undist. Expend. - Student Transportation Services (270)					
Salaries of Non-Instructional Aides	45,200	4,410	49,610	33,860	15,750
Sal. For Pupil Trans (Bet Home & Sch)-Reg	15,498	(16)	15,482	15,482	
Contract Serv.-Aid in Lieu Pymts-NonPub Sch	80,000		80,000	49,357	30,643
Contr Serv. (Oth than Bet. Home and Sch)-Vendors	18,450		18,450	15,430	3,020
Contr Serv. (Bet. Home & Sch) Joint Agrmnts	531,000	10,776	541,776	479,150	62,626
Contract Serv. (Sp Ed Stds)-Joint Agrmnts	360,000	(26,949)	333,051	231,781	101,270
Total Undist. Expend. - Student Transportation Services	1,050,148	(11,779)	1,038,369	825,060	213,309
UNALLOCATED BENEFITS					
Social Security Contributions	140,000		140,000	127,106	12,894
Other Retirement Contributions-PERS	175,000		175,000	171,991	3,009
Other Retirement Contributions-Regular	5,000		5,000	4,590	410
Unemployment Compensation	30,000		30,000	29,088	912
Workmen's Compensation	60,000	(20,117)	39,883	39,883	
Health Benefits	1,996,511	143,905	2,140,416	1,871,321	269,095
Tuition Reimbursement	20,000	7,826	27,826	27,592	234
Other Employee Benefits	38,860	(1,941)	36,919	36,869	50
Unused Sick Payment to Term/Retired Staff	125,000	(125,000)			
TOTAL UNALLOCATED BENEFITS	2,590,371	4,673	2,595,044	2,308,440	286,604

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
On-behalf TPAF Post-Retirement Medical (non-budgeted)				356,933	356,933
On-behalf TPAF Pension (non-budgeted)				945,189	945,189
On-behalf TPAF NCGI Premium (non-budgeted)				16,941	16,941
On-behalf TPAF - LTDI				928	928
Reimbursed TPAF Social Security Contributions (non-budgeted)				359,764	359,764
TOTAL ON-BEHALF CONTRIBUTIONS				<u>1,679,755</u>	<u>(1,679,755)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,590,371	4,673	2,595,044	3,988,195	(1,393,151)
TOTAL UNDISTRIBUTED EXPENDITURES	<u>10,051,813</u>	<u>(87,700)</u>	<u>9,964,113</u>	<u>10,635,696</u>	<u>(671,583)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>14,763,365</u>	<u>(108,347)</u>	<u>14,655,018</u>	<u>15,256,874</u>	<u>(601,856)</u>
Special Education - Instruction:					
School Sponsored & Other Instruction Programs		45,074	45,074		45,074
Total Equipment		<u>45,074</u>	<u>45,074</u>		<u>45,074</u>
Undist. Expenditures:					
Instruction		2,500	2,500	2,500	
Admin Info Tech	27,742	17,890	45,632	45,632	
Custodial Services	9,445		9,445	9,445	
Care & Upkeep of Grounds		35,573	35,573		35,573
Total Undist. Expend.	<u>37,187</u>	<u>55,963</u>	<u>93,150</u>	<u>57,577</u>	<u>35,573</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	114,800		114,800	84,717	30,083
Other Purchased Prof. & Tech. Services	544		544		544
Construction Services	912,106	7,310	919,416	810,261	109,155
Assessment for Debt Service on SDA Funding	5,625		5,625	5,625	
Total Facilities Acquisition and Construction Services	<u>1,033,075</u>	<u>7,310</u>	<u>1,040,385</u>	<u>900,603</u>	<u>139,782</u>
TOTAL CAPITAL OUTLAY	<u>1,070,262</u>	<u>108,347</u>	<u>1,178,609</u>	<u>958,180</u>	<u>220,429</u>
TOTAL EXPENDITURES	<u>15,833,627</u>		<u>15,833,627</u>	<u>16,215,054</u>	<u>(381,427)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,212,237)</u>		<u>(1,212,237)</u>	<u>(8,222)</u>	<u>1,204,015</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(1,212,237)</u>		<u>(1,212,237)</u>	<u>(8,222)</u>	<u>1,204,015</u>
Fund Balance, July 1	3,204,916		3,204,916	3,204,916	
Fund Balance, June 30	<u>1,992,679</u>		<u>1,992,679</u>	<u>3,196,694</u>	<u>1,204,015</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(227,687)		(227,687)		(227,687)
Increase:					
Capital Reserve - Principal				746,335	(746,335)
Capital Reserve - Interest	5,000		5,000	4,196	804
Capital Reserve - Capital Projects Cancelled				102,132	(102,132)
Maintenance Reserve - Interest	250		250	663	(413)
Withdrawal from Capital Reserve	(989,800)		(989,800)		(989,800)
Budgeted Fund Balance				<u>(861,548)</u>	<u>3,269,578</u>
	<u>(1,212,237)</u>		<u>(1,212,237)</u>	<u>(8,222)</u>	<u>1,204,015</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				2,024,410	
Maintenance Reserve				254,749	
Emergency Reserve				250,000	
Assigned Fund Balance:					
Year-End Encumbrances				371,624	
Unassigned Fund Balance:				<u>295,911</u>	
				<u>3,196,694</u>	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>(38,701)</u>	
Total Fund Balance per Governmental Funds (GAAP)				<u>3,157,993</u>	

ENGLEWOOD CLIFFS BOARD OF EDUCATION
 Budgetary Comparison Schedule
 Special Revenue Fund
 Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		49,035	49,035	49,035	-
State Sources	37,818	(1,460)	36,358	21,129	(15,229)
Federal Sources	215,041	43,224	258,265	242,503	(15,762)
Total Revenues	252,859	90,799	343,658	312,667	(30,991)
EXPENDITURES:					
Instruction:					
Other Purchased Services (400-500 Series)	119,793	(19)	119,774	119,774	-
General Supplies	98,740	(4,372)	94,368	88,776	5,592
Textbooks	5,180	(14)	5,166	4,121	1,045
Total instruction	223,713	(4,405)	219,308	212,671	6,637
Support services:					
Purchased Professional and Technical Services	11,446	43,541	54,987	43,327	11,660
Other Purchased Services (400-500 Series)		-		-	-
Supplies and Materials	17,700	(900)	16,800	4,240	12,560
Total support services	29,146	42,641	71,787	47,567	24,220
Facilities acquisition and construction services:					
Instructional Equipment		3,528	3,528	3,394	134
Non - Instructional Equipment		49,035	49,035	49,035	-
Total facilities acquisition and construction services	-	52,563	52,563	52,429	134
Total Expenditures	252,859	90,799	343,658	312,667	30,991
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

**ENGLEWOOD CLIFFS BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information - Part II
Fiscal Year Ended June 30, 2020**

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	[C-1],[C-2]	16,206,832	312,667
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Prior Year			18,472
Current Year			(86,761)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		32,899	
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)		(38,701)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	16,201,030	244,378
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1],[C-2]	16,215,054	312,667
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Prior Year			18,472
Current Year			(86,761)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	16,215,054	244,378

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll - PERS Employee's	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0152065979%	\$ 2,847,091	\$ 1,080,524	263.49%	52.08%
2016	0.0142095476%	3,189,759	1,180,020	270.31%	47.93%
2017	0.0171520092%	3,850,282	1,182,605	325.58%	59.86%
2018	0.0171392665%	3,989,747	1,213,811	328.70%	48.10%
2019	0.0170249300%	3,352,124	1,062,985	315.35%	53.60%
2020	0.0175853854%	3,168,620	1,119,093	283.14%	56.27%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relations to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
2015	\$ 125,361	\$ 125,361	\$ -	\$ 1,080,524	11.60%
2016	122,164	122,164	-	1,180,020	10.35%
2017	152,376	152,376	-	1,182,605	12.88%
2018	158,777	158,777	-	1,213,811	13.08%
2019	169,343	169,343	-	1,062,985	15.93%
2020	171,054	171,054	-	1,119,093	15.29%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payroll - TPAF Employee's	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0360689950%	\$ -	\$ 19,277,704	\$ 4,335,126	0.00%	33.64%
2016	0.0380913907%	-	24,075,386	4,393,888	0.00%	28.71%
2017	0.0419659794%	-	33,013,111	4,507,810	0.00%	22.33%
2018	0.0448742572%	-	30,255,842	4,680,802	0.00%	25.41%
2019	0.0452932148%	-	28,814,570	5,036,691	0.00%	26.49%
2020	0.0434329796%	-	26,655,230	5,022,930	0.00%	26.95%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Note to Required Schedules of Supplementary Information - Part III
Fiscal Year Ended June 30, 2020

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.87%) to the current measurement date (3.50%), resulting in a change in the discount rate from 5.66% to 6.28%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.87%) to the current measurement date (3.50%), resulting in a change in the discount rate from 4.86% to 5.60%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Schedule of Required Supplementary Information
Schedule of Changes in the District's Proportionate Share of the State OPEB Liability
*Last 10 Fiscal Years**

	2020	2019	2018
Total OPEB Liability			
Service Costs	\$ 797,503	\$ 879,761	\$ 1,063,587
Interest on Total OPEB Liability	818,080	859,013	740,889
Difference between Expected and Actual Experience	(4,180,365)	(1,617,406)	
Changes in Assumptions	265,020	(2,364,381)	(3,095,742)
Gross Benefit Payments	(545,625)	(550,936)	(541,499)
Contribution from the Member	16,174	19,041	19,939
Net Changes in total Share of OPEB Liability	(2,829,213)	(2,774,908)	(1,812,826)
Total OPEB Liability - Beginning	20,603,730	23,378,638	25,191,464
Total OPEB Liability - Ending	\$ 17,774,517	\$ 20,603,730	\$ 23,378,638
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	17,774,517	20,603,730	23,378,638
Total OPEB Liability - Ending	\$ 17,774,517	\$ 20,603,730	\$ 23,378,638
District's Covered Employee Payroll	\$ 6,085,915	\$ 6,250,502	\$ 5,863,407
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	

Notes to Schedule:

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

Change in benefit terms None

Change in assumptions Assumptions used in calculating the OPEB liability are presented
in Note 8.

* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Supplementary Schedules

SPECIAL REVENUE FUND

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2020

	Total Brought Forward (Ex. E-1a)	Title I Part A	Title II, Part A	Title IV	CARES Act	Totals 2020
REVENUES						
Local Sources	49,035					49,035
State Sources	21,129					21,129
Federal Sources	119,774	52,562	12,353	8,724	49,090	242,503
Total Revenues	189,938	52,562	12,353	8,724	49,090	312,667
EXPENDITURES:						
Instruction:						
Other Purchased Services (400-500 series)	119,774					119,774
General Supplies	-	30,962		8,724	49,090	88,776
Textbooks	4,121					4,121
Total instruction	123,895	30,962	-	8,724	49,090	212,671
Support Services:						
Purchased Professional and Technical Services	9,374	21,600	12,353			43,327
Other Purchased Services (400-500 series)	-					-
Supplies and Materials	4,240					4,240
Total support services	13,614	21,600	12,353	-	-	47,567
Facilities acquisition and const. serv.:						
Instructional Equipment	3,394					3,394
Non-Instructional Equipment	49,035					49,035
Total facilities acquisition and const. serv.	52,429	-	-	-	-	52,429
Total Expenditures	189,938	52,562	12,353	8,724	49,090	312,667
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

ENGLEWOOD CLIFFS BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis

Fiscal Year Ended June 30, 2020

	Total Brought Forward (Ex. E-1b)	IDEA Part B, Basic	IDEA Part B Preschool	N.J. Nonpublic Nursing Services	N.J. Nonpublic Security Aid	Totals 2020
REVENUES						
Local Sources	49,035					49,035
State Sources	7,515			9,374	4,240	21,129
Federal Sources	-	115,201	4,573			119,774
Total Revenues	56,550	115,201	4,573	9,374	4,240	189,938
EXPENDITURES:						
Instruction:						
Other Purchased Services (400-500 series)	-	115,201	4,573			119,774
General Supplies	-					-
Textbooks	4,121					4,121
Total instruction	4,121	115,201	4,573	-	-	123,895
Support Services:						
Purchased Professional and Technical Services	-			9,374		9,374
Other Purchased Services (400-500 series)	-					-
Supplies and Materials	-				4,240	4,240
Total support services	-	-	-	9,374	4,240	13,614
Facilities acquisition and const. serv.:						
Instructional Equipment	3,394					3,394
Non-Instructional Equipment	49,035					49,035
Total facilities acquisition and const. serv.	52,429	-	-	-	-	52,429
Total Expenditures	56,550	115,201	4,573	9,374	4,240	189,938
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

ENGLEWOOD CLIFFS BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 Fiscal Year Ended June 30, 2020

	N.J. Nonpublic Technology Aid	N.J. Nonpublic Textbook Aid	Englewood Cliffs Education Foundation - Donation to upgrade Stage Sound System	Upper School PTA Donation - Upper School Stage Lighting Upgrades	Totals 2020
REVENUES					
Local Sources	3,394		10,000	39,035	49,035
State Sources		4,121			7,515
Federal Sources					-
Total Revenues	3,394	4,121	10,000	39,035	56,550
EXPENDITURES:					
Instruction:					
Other Purchased Services (400-500 series)					-
General Supplies		4,121			-
Textbooks					4,121
Total instruction	-	4,121	-	-	4,121
Support Services:					
Purchased Professional and Technical Services					-
Other Purchased Services (400-500 series)					-
Supplies and Materials					-
Total support services	-	-	-	-	-
Facilities acquisition and const. serv.:					
Instructional Equipment	3,394		10,000	39,035	3,394
Non-Instructional Equipment					49,035
Total facilities acquisition and const. serv.	3,394	-	10,000	39,035	52,429
Total Expenditures	3,394	4,121	10,000	39,035	56,550
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

PROPRIETARY FUNDS

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
June 30, 2020

	<u>Special Milk Program</u>	<u>Enrichment Program</u>	<u>Invengineering Program</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash and cash equivalents	3,398	34,893	596	38,887
Accounts receivable:				
Federal	98			98
Total current assets	<u>3,496</u>	<u>34,893</u>	<u>596</u>	<u>38,985</u>
Noncurrent assets:				
Capital assets:				
Equipment	2,000			2,000
Less accumulated depreciation	<u>(2,000)</u>			<u>(2,000)</u>
Total capital assets (net of accumulated depreciation)				
Total assets	<u>3,496</u>	<u>34,893</u>	<u>596</u>	<u>38,985</u>
LIABILITIES				
Current liabilities:				
Account payable	642			642
Total current liabilities	<u>642</u>			<u>642</u>
NET POSITION				
Unrestricted	2,854	34,893	596	38,343
Total net position	<u>2,854</u>	<u>34,893</u>	<u>596</u>	<u>38,343</u>

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2020

	<u>Special Milk Program</u>	<u>Enrichment Program</u>	<u>Invengineering Program</u>	<u>Totals</u>
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	2,251			2,251
Tuition Charges		15,900	3,150	19,050
Total operating revenues	<u>2,251</u>	<u>15,900</u>	<u>3,150</u>	<u>21,301</u>
Operating expenses:				
Cost of sales - reimbursable programs	2,314			2,314
Salaries and wages		14,462	2,262	16,724
Purchased services		800		800
Supplies and materials	642	72	292	1,006
Total Operating Expenses	<u>2,956</u>	<u>15,334</u>	<u>2,554</u>	<u>20,844</u>
Operating income (loss)	<u>(705)</u>	<u>566</u>	<u>596</u>	<u>457</u>
Nonoperating revenues (expenses):				
Federal sources:				
Special milk program	1,407	-	-	1,407
Total nonoperating revenues (expenses)	<u>1,407</u>	<u>-</u>	<u>-</u>	<u>1,407</u>
Income (loss) before contributions & transfers	702	566	596	1,864
Change in net position	702	566	596	1,864
Total net position—beginning	<u>2,152</u>	<u>34,327</u>	<u>596</u>	<u>36,479</u>
Total net position—ending	<u><u>2,854</u></u>	<u><u>34,893</u></u>	<u><u>596</u></u>	<u><u>38,343</u></u>

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2020

	<u>Special Milk Program</u>	<u>Enrichment Program</u>	<u>Invengineering Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	2,251	15,900	3,150	21,301
Payments for milk purchases	(2,529)			(2,529)
Payments for salaries and wages		(14,462)	(2,262)	(16,724)
Payments for purchased services		(800)		(800)
Payments for supplies		(72)	(292)	(364)
Net cash provided by (used for) operating activities	<u>(278)</u>	<u>566</u>	<u>596</u>	<u>884</u>
ACTIVITIES				
Federal sources	<u>1,746</u>			<u>1,746</u>
Net cash provided by (used for) non-capital financing activities	<u>1,746</u>	<u>-</u>	<u>-</u>	<u>1,746</u>
Net increase (decrease) in cash and cash equivalents	1,468	566	596	2,630
Balances—beginning of year	<u>1,930</u>	<u>34,327</u>	<u>-</u>	<u>36,257</u>
Balances—end of year	<u><u>3,398</u></u>	<u><u>34,893</u></u>	<u><u>596</u></u>	<u><u>38,887</u></u>
provided				
(used) by operating activities:				
Operating income (loss)	(705)	566	596	457
provided by				
(used for) operating activities				
Increase (decrease) in accounts payable	<u>427</u>			<u>427</u>
Total adjustments	<u>427</u>	<u>-</u>	<u>-</u>	<u>427</u>
Net cash provided by (used for) operating activities	<u><u>(278)</u></u>	<u><u>566</u></u>	<u><u>596</u></u>	<u><u>884</u></u>

FIDUCIARY FUND

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	233,011
Total assets	<u>233,011</u>
LIABILITIES	
Payable to student groups	12,331
Payroll deductions and withholdings	22,883
Net payroll	6,672
Net payroll - summer pay	185,727
Flexible spending	5,178
Interfund - General Fund	220
Total liabilities	<u>233,011</u>
NET POSITION	
Held in trust for unemployment claims and other purposes	

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>June 30, 2020</u>
Upper School	<u>6,297</u>	<u>35,828</u>	<u>29,794</u>	<u>12,331</u>
Total All Schools	<u><u>6,297</u></u>	<u><u>35,828</u></u>	<u><u>29,794</u></u>	<u><u>12,331</u></u>

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2020

	Balance July 1, 2019	Cash Receipts	Cash Disbursed	Balance June 30, 2020
Interfund Payable - General Fund	220			220
Net Payroll	6,672	4,031,589	4,031,589	6,672
Flexible Spending Account	3,692	16,310	14,824	5,178
Payroll Deductions and Withholdings	13,426	3,691,316	3,681,859	22,883
Summer Pay	166,654	186,023	166,950	185,727
	<u>190,664</u>	<u>7,925,238</u>	<u>7,895,222</u>	<u>220,680</u>

LONG-TERM DEBT

ENGLEWOOD CLIFFS BOARD OF EDUCATION
General Long Term Debt Account Group
Statement of Serial Bonds
June 30, 2020

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2019	Decreased	Balance June 30, 2020
School Refunding Bonds	4/19/2017	1,685,000	8/15/2020	345,000	1.700%	1,020,000	335,000	685,000
			8/15/2021	340,000	1.700%			
						\$ 1,020,000	335,000	685,000

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	252,337		252,337	252,337	-
State Sources:					
Debt Service Aid Type II	89,076		89,076	89,076	-
Total - State Sources	89,076	-	89,076	89,076	-
Total Revenues	341,413	-	341,413	341,413	-
EXPENDITURES:					
Regular Debt Service:					
Interest	14,493		14,493	14,493	-
Redemption of Principal	335,000		335,000	335,000	-
Total Regular Debt Service	349,493	-	349,493	349,493	-
Total expenditures	349,493	-	349,493	349,493	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,080)	-	(8,080)	(8,080)	-
Fund Balance, July 1	8,080	-	8,080	8,080	-
Fund Balance, June 30	-	-	-	-	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,080)	-	(8,080)	8,080	16,160
Budgeted Fund Balance	(8,080)	-	(8,080)	8,080	16,160

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
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Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
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Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	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 district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Net Assets/Position* by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Invested in capital assets, net of related debt	830,387	793,040	1,615,883	1,773,540	1,837,957	1,794,548	1,766,991	2,697,226	3,457,521	4,276,537
Restricted	2,134,491	2,239,190	2,427,845	2,461,642	2,418,546	2,670,011	3,506,024	3,058,563	2,901,400	2,900,783
Unrestricted	134,469	510,458	632,696	203,416	(2,540,549)	(2,609,582)	(3,348,512)	(3,639,213)	(3,671,393)	(3,799,832)
Total governmental activities net assets/position	\$ 3,099,347	\$ 3,542,688	\$ 4,676,424	\$ 4,438,598	\$ 1,715,954	\$ 1,854,977	\$ 1,924,503	\$ 2,116,576	\$ 2,687,528	\$ 3,377,488
Business-type activities										
Invested in capital assets, net of related debt	\$ 335	\$ 202	\$ 69							
Restricted	2,168	658	801	734	818	1,648	20,577	26,092	36,479	38,343
Unrestricted	2,503	860	870	734	818	1,648	20,577	26,092	36,479	38,343
Total business-type activities net assets/position	\$ 2,503	\$ 860	\$ 870	\$ 734	\$ 818	\$ 1,648	\$ 20,577	\$ 26,092	\$ 36,479	\$ 38,343
District-wide										
Invested in capital assets	\$ 830,722	\$ 793,242	\$ 1,615,952	\$ 1,773,540	\$ 1,837,957	\$ 1,794,548	\$ 1,766,991	\$ 2,697,226	\$ 3,457,521	\$ 4,276,537
Restricted	2,134,491	2,239,190	2,427,845	2,461,642	2,418,546	2,670,011	3,506,024	3,058,563	2,901,400	2,900,783
Unrestricted	136,637	511,116	633,497	204,150	(2,539,731)	(2,607,934)	(3,327,935)	(3,613,121)	(3,634,914)	(3,761,489)
Total district net assets/position	\$ 3,101,850	\$ 3,543,548	\$ 4,677,294	\$ 4,439,332	\$ 1,716,772	\$ 1,856,625	\$ 1,945,080	\$ 2,142,668	\$ 2,724,007	\$ 3,415,831

Source: CAFR Schedule A-1

* - GASB Statement No. 63 became effective for the fiscal year ended June 30, 2013 which changed Net Assets to Net Position.

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Changes in Net Assets/Position*
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,971,597	\$ 3,224,341	\$ 3,301,980	\$ 4,024,684	\$ 4,327,314	\$ 4,799,343	\$ 4,543,476	\$ 4,750,188	4,547,331	4,807,167
Special education	790,833	895,930	1,053,436	1,109,731	1,438,502	1,463,516	1,468,399	1,118,449	968,844	1,179,033
Other special education	313,486	324,632	375,651	311,881	285,924	261,988	182,632	170,063	235,177	275,553
Other instruction	6,086	4,770	10,599	4,758	9,440	24,292	14,891	14,891	107,589	207,633
Support Services:										
Tuition	964,637	824,430	729,025	669,693	717,668	977,564	1,973,131	2,021,273	2,034,033	2,132,895
Student & instruction related services	1,789,932	2,011,665	2,310,222	2,471,219	2,430,735	2,349,989	2,225,026	2,211,348	2,259,228	2,428,109
School Administrative Services	207,911	227,004	388,293	157,084	158,185	156,652	207,811	230,683	244,410	258,999
General administration	357,097	341,793	223,647	349,291	409,541	412,375	456,753	471,737	491,682	565,231
Central Services	228,384	245,691	257,900	317,435	354,589	271,986	347,766	264,369	292,529	276,884
Administrative information technology	30,941	59,610	101,899	81,329	181,306	225,784	172,582	172,582	87,731	137,500
Plant Operations and Maintenance	1,001,025	1,006,390	1,040,444	1,134,175	1,237,537	1,155,542	1,038,254	1,051,907	1,075,936	1,114,295
Pupil transportation	655,508	685,340	776,161	691,206	755,696	798,155	906,858	928,621	969,830	844,437
Unallocated benefits	726,604	881,060	728,928	762,093	959,116	311,338	1,205,340	2,998,814	2,010,545	2,097,985
On-behalf Contributions										
Capital Outlay - non-depreciable	48,336	110,260	4,203	322,369	95,291	195,212	5,993	202,379	21,025	32,919
Debt Services:										
Interest and other charges	124,835	109,233	108,231	100,548	93,510	78,190	66,864	4,771	18,042	12,357
Bond Issuance Costs							49,000			
Unallocated depreciation							302,877			
Total governmental activities expenses	10,217,212	10,952,149	11,410,619	12,507,496	13,454,354	13,457,634	15,162,209	16,932,471	15,731,720	16,775,028
Business-type activities:										
Special Milk Fund	3,515	6,608	4,364	5,882	6,789	5,090	6,141	3,815	3,916	2,956
Inventing Program										
Enrichment Program										
Total business-type activities expense	3,515	6,608	4,364	5,882	6,789	5,090	6,141	3,815	3,916	2,956
Total district expenses	10,220,727	10,958,757	11,414,983	12,513,378	13,461,143	13,462,724	15,195,192	16,976,828	15,773,084	16,795,872
Program Revenues										
Governmental activities:										
Operating grants and contributions	211,317	206,591	231,429	243,862	251,809	294,852	269,287	315,064	223,490	233,593
Total governmental activities program revenues	211,317	206,591	231,429	243,862	251,809	294,852	269,287	315,064	223,490	233,593
Business-type activities:										
Charges for services	2,288	2,619	2,047	2,631	3,105	2,658	2,094	2,158	2,393	2,251
Special Milk Fund										
Inventing Program										
Enrichment Program										
Operating grants and contributions	1,364	2,346	2,327	3,115	3,768	3,262	2,883	42,095	43,829	15,900
Total business-type activities program revenues	3,652	4,965	4,374	5,746	6,873	5,920	5,191	49,872	2,379	1,407
Total district program revenues	214,969	211,556	235,803	249,608	258,682	300,772	321,199	364,936	275,241	227,008
Net (Expense)/Revenue										
Governmental activities	\$ (10,005,895)	\$ (10,745,558)	\$ (11,179,190)	\$ (12,263,634)	\$ (13,202,545)	\$ (13,162,782)	\$ (14,892,922)	\$ (16,617,407)	\$ (15,308,230)	\$ (16,541,435)
Business-type activities	137	(1,643)	10	(136)	84	830	18,929	5,515	10,387	1,864
Total district-wide net expense	\$ (10,005,758)	\$ (10,747,201)	\$ (11,179,180)	\$ (12,263,770)	\$ (13,202,461)	\$ (13,161,952)	\$ (14,873,993)	\$ (16,611,892)	\$ (15,497,843)	\$ (16,539,571)

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Changes in Net Assets/Position*
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 9,720,381	\$ 9,795,381	\$ 9,878,618	\$ 10,076,190	\$ 10,277,713	\$ 10,963,918	\$ 12,421,223	\$ 12,963,634	13,222,907	13,487,365
Taxes levied for debt service	255,474	256,777	257,802	258,547	262,668	262,463	265,370	267,829	72,961	252,337
Federal and state aid not restricted	884,449	1,042,529	1,280,176	1,307,200	2,228,154	1,598,074	1,877,119	3,120,148	2,409,518	3,132,391
Federal and state aid - Capital Outlay									16,900	10,785
Tuition Received	179,908	75,757	248,861	91,083	268,450	397,699	300,427	230,500	281,823	277,000
Investment earnings									6,112	4,859
Miscellaneous income	20,244	18,455	8,180	5,488	12,438	79,651	98,309	227,369	68,961	66,658
Total governmental activities	10,833,438	11,188,899	11,673,637	12,025,808	13,049,423	13,301,805	14,962,448	16,809,480	16,079,182	17,231,395
Business-type activities:										
Liabilities canceled	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 10,833,438	\$ 11,188,899	\$ 11,673,637	\$ 12,025,808	\$ 13,049,423	\$ 13,301,805	\$ 14,962,448	\$ 16,809,480	\$ 16,079,182	\$ 17,231,395
Change in Net Assets/Position										
Governmental activities	\$ 827,543	\$ 443,341	\$ 494,447	\$ (237,826)	\$ (153,122)	\$ 139,023	\$ 69,526	\$ 192,073	\$ 570,952	\$ 689,960
Business-type activities	137	(1,643)	10	(156)	84	830	18,929	(5,515)	10,387	1,864
Total district	\$ 827,680	\$ 441,698	\$ 494,457	\$ (237,962)	\$ (153,038)	\$ 139,853	\$ 88,455	\$ 197,588	\$ 581,339	\$ 691,824

Source: CAFR Schedule A-2

* - GASB Statement No. 63 became effective for the fiscal year ended June 30, 2013 which changed Net Assets to Net Position.

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 1,426,061	\$ 1,931,435	\$ 2,238,951	\$ 2,272,748	\$ 2,229,652	\$ 2,481,121	\$ 2,978,861	\$ 1,932,667	2,665,633	2,529,159
Assigned	362,126	450,781	718,420	335,442	276,193	205,733	338,269	928,922	227,687	371,624
Unassigned	418,171	407,350	287,965	293,132	273,774	357,131	235,877	187,802	278,697	257,210
Total general fund	<u>\$ 2,206,358</u>	<u>\$ 2,789,566</u>	<u>\$ 3,245,336</u>	<u>\$ 2,901,322</u>	<u>\$ 2,779,619</u>	<u>\$ 3,043,985</u>	<u>\$ 3,553,007</u>	<u>\$ 3,049,391</u>	<u>\$ 3,172,017</u>	<u>\$ 3,157,993</u>
All Other Governmental Funds										
Unreserved, reported in:										
Capital projects fund										
Debt service fund										
Restricted, reported in:										
Capital projects fund	346,303	307,755	188,894	188,894	188,894	188,894	188,894	196,974	8,080	
Debt service fund	1									
Total all other governmental funds	<u>\$ 346,304</u>	<u>\$ 307,755</u>	<u>\$ 188,894</u>	<u>\$ 188,894</u>	<u>\$ 188,894</u>	<u>\$ 188,894</u>	<u>\$ 188,894</u>	<u>\$ 196,974</u>	<u>\$ 8,080</u>	<u>\$ -</u>

Source: CAFR B-1

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 9,975,855	\$ 10,052,158	\$ 10,136,420	\$ 10,334,737	\$ 10,540,381	\$ 11,226,381	\$ 12,686,593	\$ 13,231,463	13,295,868	13,739,702
Tuition charges	179,908	75,757	248,861	91,083	268,450	397,699	300,427	230,500	281,823	277,000
Interest earnings	20,244	17,134	6,799	5,488	12,438	79,651	98,309	227,369	75,073	71,517
Miscellaneous	976,818	1,118,560	1,379,519	1,407,599	1,501,628	1,704,858	1,982,996	2,183,344	2,436,832	2,485,118
State sources	118,948	130,560	131,944	143,463	148,106	188,068	163,410	211,294	213,076	213,484
Federal sources	11,147,760	11,394,169	11,903,543	11,982,370	12,471,003	13,596,657	15,231,735	16,083,970	16,302,672	16,786,821
Total revenue										
	2,434,920	2,653,786	2,621,942	3,229,683	3,213,930	3,465,168	3,454,283	3,864,884	3,623,370	3,608,466
Expenditures										
Instruction	638,976	722,876	793,801	857,586	1,017,441	1,003,994	1,055,704	867,661	748,234	847,986
Regular instruction	251,414	259,868	288,784	239,511	199,161	178,451	131,222	129,158	181,856	197,916
Special education instruction	5,683	4,489	9,006	4,758	9,440	-	18,769	14,891	83,740	149,086
Other special instruction										
Other Instruction	964,637	824,430	729,025	669,693	717,668	977,564	1,973,131	2,021,273	2,034,033	2,132,895
Support Services:	1,499,774	1,690,817	2,013,317	2,001,914	1,860,860	1,705,509	1,678,622	1,793,804	1,825,205	1,829,374
Tuition	155,028	173,474	163,127	115,084	111,846	106,622	149,606	179,587	190,974	189,075
Student & inst. related services	319,706	305,210	346,608	307,513	339,030	329,097	381,901	400,529	424,898	474,494
School administrative services	190,854	205,095	209,226	254,243	264,287	200,595	260,806	211,287	233,045	212,163
General administration	30,941	59,610	101,899	81,329	181,306	169,503	129,484	152,526	86,241	121,326
Central services	663,054	688,716	657,246	746,890	783,542	699,856	909,505	914,308	930,044	914,431
Admin. information technology	652,870	678,919	747,452	673,338	730,494	765,909	879,621	908,488	950,484	825,060
Plant operations and maintenance	1,395,114	1,472,168	1,521,771	1,813,073	1,715,804	2,112,378	2,059,585	2,170,566	2,275,727	2,308,440
Pupil transportation	519,821	620,638	722,033	709,128	864,275	1,056,737	1,245,974	1,458,172	1,613,450	1,679,755
Employee benefits										
On behalf contributions										

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Special Schools										
Charter Schools										
Capital outlay	71,312	107,578	218,092	562,897	229,951	208,667	38,361	1,136,667	817,494	968,965
Debt service:										
Principal	215,000	225,000	235,000	245,000	260,000	270,000	285,000	335,000	330,000	335,000
Interest and other charges	127,859	119,609	110,984	101,984	92,515	82,240	71,140	20,705	20,145	14,493
Total expenditures	11,662,565	10,812,283	11,489,313	12,613,624	12,591,550	13,332,290	14,722,714	16,579,506	16,368,940	16,808,925
Excess (Deficiency) of revenues over (under) expenditures	(514,805)	581,886	414,230	(631,254)	(120,547)	264,367	509,021	(495,536)	(66,268)	(22,104)
Other Financing sources (uses)										
Proceeds from borrowing										
Capital leases (non-budgeted)										
Proceeds from refunding										
Payments to escrow agent										
Transfers in	2,180	1,321	42,861	448	472	474	189,043			
Transfers out	(2,180)	(1,321)	(42,861)	(448)	(472)	(474)	(189,043)			
Capital Reserve - Capital Outlay	(227,018)			287,300						
Total other financing sources (uses)	(227,018)	-	-	287,300	-	-	-	-	-	-
Net change in fund balances	\$ (514,805)	\$ 581,886	\$ 414,230	\$ (343,954)	\$ (120,547)	\$ 264,367	\$ 509,021	\$ (495,536)	\$ (66,268)	\$ (22,104)
Debt service as a percentage of noncapital expenditures	3.11%	2.95%	3.07%	2.88%	2.85%	2.68%	2.43%	2.30%	2.25%	2.21%

Source: District records

Note: Capital Projects Fund is not included as these expenditures vary substantially from year to year. The financial data presented would not be meaningful for comparative purposes if these were included.

Source: CAFR, Schedule B-2

Exhibit J-5

Englewood Cliffs Board of Education
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year Ending June 30,	Tuition	PTA Donations	Interest	Refunds	Settlements	Prior Year Voided Checks	Balance of Unemployment Closed to General Fund	Technology Fees	Proceeds from Sale of Technology	Miscellaneous	Annual Totals
2011	179,908		16,812							1,252	197,972
2012	75,757		12,477							4,657	92,891
2013	248,861		2,765			2,078				575	254,279
2014	91,083		1,828							3,212	96,123
2015	268,450		1,055	984		4,983				5,416	280,888
2016	397,699		3,065		62,160					13,952	476,876
2017	300,427		10,546				21,611			66,003	398,587
2018	230,500	43,420	17,551			1,326		16,125	101,467	43,135	453,524
2019	281,823	21,000	8,177	21,599		500		17,445		6,352	356,896
2020	277,000		6,347	26,232		2,500		25,887		10,551	348,517

Source: District records

Englewood Cliffs Board of Education
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized) Value	% of Net Assessed to Estimated Full Cash Valuations
2010	47,202,000	2,427,408,700	944,271,600	1,886,500	1,750,000	3,422,518,800	918,228,300	1,925,179	2,506,215,679	0.292	3,465,127,857	72.33%
2011	50,562,700	2,420,689,700	952,029,800	1,886,500	1,750,000	3,426,918,700	917,466,200	1,725,842	2,511,178,342	0.293	3,369,668,246	74.52%
2012	44,347,400	2,431,499,800	935,926,300	1,675,000	1,750,000	3,415,198,500	917,566,200	1,634,938	2,499,267,238	0.297	3,210,144,692	77.86%
2013	43,625,600	2,431,098,700	926,889,700	1,675,000	1,750,000	3,405,039,000	917,566,200	1,472,537	2,488,945,337	0.303	3,148,458,674	79.05%
2014	44,036,500	2,432,909,900	884,930,300	-	1,750,000	3,363,626,700	917,566,200	1,270,044	2,447,330,544	0.313	3,108,990,336	78.72%
2015	40,944,400	2,445,230,900	878,792,500	-	1,750,000	3,366,717,800	921,055,400	1,270,044	2,446,932,444	0.333	3,221,160,824	75.96%
2016	37,470,700	2,459,596,200	871,371,200	-	1,750,000	3,370,188,100	917,566,200	1,344,390	2,453,966,290	0.376	3,254,751,471	75.40%
2017	38,144,100	2,485,809,000	838,910,300	-	1,750,000	3,364,613,400	917,566,200	1,334,262	2,448,381,462	0.393	3,287,713,364	74.47%
2018	93,718,400	2,520,047,800	783,649,800	-	1,750,000	3,399,166,000	917,566,200	-	2,481,599,800	0.391	3,523,223,281	70.44%
2019	89,466,900	2,528,668,000	776,952,800	-	1,750,000	3,396,837,700	917,566,200	1,296,492	2,480,567,992	0.405	3,772,208,681	65.76%

Source: Municipal Tax Assessor

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

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

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

b Tax rates are per \$100

N/A At the time of CAFR completion, this data was not yet available

**Englewood Cliffs Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**
(rate per \$100 of assessed value)

Year Ended Dec. 31,	Englewood Cliffs Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	6) Total Direct School	Borough of Englewood Cliffs	Bergen County	
2010	0.287	0.005	0.292	0.307	0.196	0.795
2011	0.285	0.008	0.293	0.305	0.197	0.795
2012	0.289	0.008	0.297	0.324	0.204	0.825
2013	0.295	0.008	0.303	0.332	0.214	0.849
2014	0.305	0.008	0.313	0.339	0.218	0.870
2015	0.325	0.008	0.333	0.370	0.227	0.930
2016	0.368	0.008	0.376	0.368	0.235	0.979
2017	0.385	0.008	0.393	0.373	0.232	0.998
2018	0.386	0.005	0.391	0.401	0.251	1.043
2019	0.398	0.007	0.405	0.418	0.258	1.081

Source: Municipal Tax Collector

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

Exhibit J-8

Englewood Cliffs Board of Education
Principal Property Taxpayers,
Current Year and Nine Years Ago

	2020			2011		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Taxpayer 1	\$ 82,500,000	1	3.33%	\$ 107,100,000	1	4.26%
Taxpayer 2	62,327,400	2	2.51%	100,981,500	2	4.02%
Taxpayer 3	61,831,600	3	2.49%	90,000,000	3	3.58%
Taxpayer 4	172,039,700	4	6.94%	89,145,700	4	3.55%
Taxpayer 5	47,223,300	5	1.90%	37,194,600	5	1.48%
Taxpayer 6	35,500,000	6	1.43%	35,719,500	6	1.42%
Taxpayer 7	34,000,000	7	1.37%	35,500,000	7	1.41%
Taxpayer 8	32,500,000	8	1.31%	29,957,300	8	1.19%
Taxpayer 9	22,500,000	9	0.91%	20,618,200	9	0.82%
Taxpayer 10	17,780,600	10	0.72%	17,780,600	10	0.71%
Total	\$ 568,202,600		22.91%	\$ 563,997,400		22.46%

Total Net Assessed Value 2,480,567,992

2,511,178,342

Source: Municipal Tax Assessor

**Englewood Cliffs Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	9,975,855	9,975,847	100.00%	8
2012	10,052,158	10,052,158	100.00%	-
2013	10,136,420	10,136,420	100.00%	-
2014	10,334,737	10,334,737	100.00%	-
2015	10,540,381	10,540,381	100.00%	-
2016	11,226,381	11,226,381	100.00%	-
2017	12,686,593	12,686,593	100.00%	-
2018	13,231,463	13,231,463	100.00%	-
2019	13,295,868	13,295,868	100.00%	-
2020	13,739,702	13,739,702	100.00%	-

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

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

**Englewood Cliffs Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2011	3,371,000	-	-	-	-	3,371,000	0.91%	\$ 48.82
2012	3,156,000	-	-	-	-	3,156,000	0.82%	\$ 43.74
2013	2,931,000	-	-	-	-	2,931,000	0.76%	\$ 40.89
2014	2,696,000	-	-	-	-	2,696,000	0.67%	\$ 36.21
2015	2,451,000	-	-	-	-	2,451,000	0.59%	\$ 31.56
2016	2,191,000	-	-	-	-	2,191,000	0.52%	\$ 27.68
2017	1,921,000	-	-	-	-	1,921,000	0.44%	\$ 23.58
2018	1,685,000	-	-	-	-	1,685,000	0.37%	\$ 19.60
2019	1,020,000	-	-	-	-	1,020,000	Not Available	Not Available
2020	685,000	-	-	-	-	685,000	Not Available	Not Available

Source: District CAFR Schedules I-1 and I-2

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

Englewood Cliffs Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	3,156,000	-	3,156,000	0.13%	69,053
2012	2,931,000	-	2,931,000	0.12%	72,152
2013	2,696,000	-	2,696,000	0.11%	71,679
2014	2,451,000	-	2,451,000	0.10%	74,452
2015	2,191,000	-	2,191,000	0.09%	77,666
2016	1,921,000	-	1,921,000	0.08%	79,145
2017	1,685,000	-	1,685,000	0.07%	81,483
2018	1,350,000	-	1,350,000	0.05%	85,951
2019	1,020,000	-	1,020,000	0.04%	Not Available
2020	685,000	-	685,000	Not Available	Not Available

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

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

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

**Englewood Cliffs Board of Education
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2020			\$ 685,000
Debt repaid with property taxes			
Borough of Englewood Cliffs	100.00%	\$ 19,873,472	
County of Bergen - Borough's Share	2.117%	19,169,288	
Bergen County Utilities Authority - Borough's Share	1.435%	1,901,463	
Subtotal, overlapping debt		<u>40,944,223</u>	
Total direct and overlapping debt			<u>\$ 41,629,223</u>

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

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

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

Englewood Cliffs Board of Education
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 101,531,253	\$ 96,925,737	\$ 97,356,728	\$ 95,577,452	\$ 95,621,040	\$ 94,786,098	\$ 95,967,744	\$ 99,403,549	\$ 100,656,881	\$ 105,831,453
Total net debt applicable to limit	<u>3,156,000</u>	<u>2,931,000</u>	<u>2,696,000</u>	<u>2,451,000</u>	<u>2,191,000</u>	<u>1,921,000</u>	<u>1,685,000</u>	<u>1,350,000</u>	<u>1,020,000</u>	<u>685,000</u>
Legal debt margin	<u>\$ 98,375,253</u>	<u>\$ 93,994,737</u>	<u>\$ 94,660,728</u>	<u>\$ 93,126,452</u>	<u>\$ 93,430,040</u>	<u>\$ 92,865,098</u>	<u>\$ 94,282,744</u>	<u>\$ 98,053,549</u>	<u>\$ 99,636,881</u>	<u>\$ 105,146,453</u>
Total net debt applicable to the limit as a percentage of debt limit	3.11%	3.02%	2.77%	2.56%	2.29%	2.03%	1.76%	1.36%	1.01%	0.65%

Equalized valuation basis	
2019	\$ 3,772,208,681
2018	\$ 3,523,223,281
2017	\$ 3,287,713,364
[A]	<u>\$ 10,583,145,326</u>
[A/3]	\$ 3,527,715,109
[B]	105,831,453 ^a
[C]	<u>685,000</u>
[B-C]	<u>\$ 105,146,453</u>

Average equalized valuation of taxable property

Debt limit (3% of average equalization value)
 Total Net Debt Applicable to Limit
 Legal debt margin

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

^a Limit set by NISA 18A:24-19 for a K through 12 district; other-% limits would be applicable for other district types.

**Englewood Cliffs Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2011	5,353	369,640,709	69,053	7.50%
2012	5,357	386,518,264	72,152	7.60%
2013	5,371	384,987,909	71,679	8.00%
2014	5,370	399,807,240	74,452	4.40%
2015	5,363	416,522,758	77,666	3.40%
2016	5,346	423,109,170	79,145	3.60%
2017	5,364	437,074,812	81,483	3.10%
2018	5,366	461,213,066	85,951	2.60%
2019	5,354	Not Available	Not Available	2.20%
2020	Not Available	Not Available	Not Available	Not Available

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per Capita Personal Income - Bergen County - provided by NJ Dept of Labor and Workforce Development.

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

Englewood Cliffs Board of Education
Principal Employers,
Current Year and Ten Years Ago

	2020			2011		
	Employer	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Rank [Optional]	Percentage of Total Municipal Employment

THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED TO RELEASE INFORMATION NEEDED TO COMPLETE THIS SCHEDULE DUE TO PRIVACY CONCERNS.

**Englewood Cliffs Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

<u>Function/Program</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	35.9	35.0	36.0	38.5	40.9	40.5	38.5	42.7	49.8	46.0
Special education	7.7	13.0	14.0	11.5	10.9	12.0	11.5	11.0	13.0	16.0
Other special education	8.0	10.0	12.0	2.0	2.0	3.0	3.5	1.9	-	
Vocational										
Other instruction	2.0	2.0	2.0	2.0	2.3	2.0				
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	3.0	4.0	4.0	25.7	25.7	25.5	24.5	23.0	11.2	23.0
General administration	2.0	3.0	4.0	1.6	1.7	1.9	2.1	2.1	2.1	2.1
School administrative services	5.0	4.0	4.0	2.5	2.0	2.0	2.7	3.0	2.5	3.0
Other administrative services									7.0	
Central services	2.1	3.0	4.0	2.3	2.3	2.3	2.3	2.3	1.8	1.3
Administrative Information Technology	2.0				2.5	1.5	1.0	1.0	2.5	1.0
Plant operations and maintenance	5.4	6.0	8.0	7.5	8.0	7.6	7.5	7.6	6.0	5.5
Pupil transportation					0.3	0.3	0.3	0.3	0.3	0.3
Other support services	0.4	4.0	3.0	0.3					2.0	
Special Schools										
Food Service										
Child Care										
Total	74	84	91.0	93.8	98.6	98.4	93.8	94.9	98.2	98.1

Source: District Personnel Records

Englewood Cliffs Board of Education
Operating Statistics,
Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2011	450	9,722,792	21,606	-17.76%	43.00	1:11.6	1:11.6	452.50	413.85	1.07%	91.46%	
2012	492	10,467,674	21,276	-1.53%	48.00	1:11.2	1:11.2	493.70	414.85	9.10%	84.03%	
2013	498	10,925,237	21,938	3.11%	55.00	1:11.2	1:11.2	498.00	473.10	0.87%	95.00%	
2014	496	11,703,743	23,596	7.56%	52.00	1:10.0	1:10.0	523.03	506.08	5.03%	96.76%	
2015	567	12,009,084	21,180	-10.24%	56.00	1:10.0	1:10.0	540.00	523.00	3.24%	96.85%	
2016	584	12,771,383	21,869	3.25%	54.60	1:10.7	1:10.7	546.25	528.65	1.16%	96.78%	
2017	547	14,328,213	26,194	19.78%	53.50	1:10.23	1:10.23	524.76	506.53	-3.93%	96.53%	
2018	495	15,087,134	30,479	16.36%	55.60	1:8.91	1:8.91	494.36	486.29	-5.79%	98.37%	
2019	489	15,201,301	31,087	1.99%	54.50	1:8.98	1:8.98	489.48	478.78	-0.99%	97.81%	
2020	489	15,490,467	31,678	1.90%	55.65	1:8.61	1:9.17	486.44	474.21	-0.62%	97.49%	

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Englewood Cliffs Board of Education
 School Building Information
 Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
District Building										
<u>Elementary</u>										
Northcliff School	24,971	24,971	24,971	24,971	24,971	24,971	24,971	24,971	24,971	24,971
Square Feet GSF	16,036	16,036	16,036	16,036	16,036	16,036	16,036	16,036	16,036	16,036
Square Feet NSF	230	230	230	230	230	230	230	230	230	230
Capacity (students)	201	212	196	201	224	230	230	166	163	
Enrollment										
Upper School										
Square Feet GSF	76,050	76,050	76,050	76,050	76,050	76,050	76,050	76,050	76,050	76,050
Square Feet NSF	51,536	51,536	51,531	51,531	51,531	51,531	51,531	51,531	51,531	51,531
Capacity (students)	349	349	349	349	349	349	349	349	349	349
Enrollment a	252	276	286	295	343	354	354	329	326	

Number of Schools at June 30, 2019
 Elementary = 2

Source: District Facilities Office

Englewood Cliffs Board of Education
 Schedule of Required Maintenance
 Last Ten Fiscal Years

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

School Facilities	Project No.'s	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Northcliff School	N/A	26,960	39,786	59,964	59,738	15,324	14,054	14,890	10,473	7,669	23,702
Upper School	N/A	69,944	98,221	104,981	79,787	61,793	48,237	48,357	38,717	108,768	47,051
Grand Total		<u>\$ 96,904</u>	<u>\$ 138,007</u>	<u>\$ 164,945</u>	<u>\$ 139,525</u>	<u>\$ 77,117</u>	<u>\$ 62,291</u>	<u>\$ 63,247</u>	<u>\$ 49,190</u>	<u>\$ 116,437</u>	<u>\$ 70,753</u>

Source: District records

**Englewood Cliffs Board of Education
Insurance Schedule
June 30, 2020**

Company	Type of Coverage	Coverage	Deductible
Great American Insurance Company	Flood & Earthquake	5,000,000/occurrence 5,000,000 aggregate	50,000
	Flood: Within Special Flood "A"	2,000,000/occurrence 2,000,000 aggregate	500,000
	Extra Expense	5,000,000	
	Building Ord Demolition Cost	5,000,000	
	Building Ord Increased Cost of Construction	5,000,000	
	Pollution - Clean Up & Removal	100,000	
	Broadened Water - Loss of Income Planned Events and Tuition Fees	100,000	
	Claim Data Expenses	25,000	
	Fire Dept Service Charge	25,000	
	Fire Extinguisher Recharge Expense	5,000	
	Food Contamination Shutdown	10,000	
	Newly Acquired or Constructed Property - Building	1,000,000	
	Newly Acquired Personal Property	500,000	
	Non-Owned Detached Trailers	5,000	
	Outdoor Fences	100,000	
	Outdoor Signs	100,000	
	Pollutant Cleanup and Removal - Planned Events	10,000	
	Property Off Premises	100,000	
	Refrigerated Property	50,000	
	Roof Protection	1,000	
	Transportation	100,000	
	Tuition and Fees	20,000	
	Utility Services Direct Damage	50,000	
	Utility Services Planned Events	25,000	
	Valuable Papers & Records	5,000,000	1,000
	Accts Receivable	100,000	
	Fine Arts	25,000	
	Musical Instruments	250,000	1,000
		10,000/item	
	Cameras, Audio/Video Equip	250,000	1,000
		10,000/item	
	Misc School Property	100,000	
	Contractors Equipment	250,000	1,000
	Reward - Arson, Theft or Vandalism	25,000	
	Underground Fiber Optic Cable	100,000	
	Violent Event Extra Expense	50,000	
	Expediting Expenses	250,000	
	Hazardous Substances	250,000	
	Spoilage	250,000	
	Theft of Money & Securities-Inside Premises	50,000	1,000
	Theft of Money & Securities-Outside Premises	50,000	1,000
	Computer Fraud	50,000	1,000
Installation Floater	500,000	1,000	
General Liability			
General Aggregate	2,000,000	10,000	
Products & Completed Operations	2,000,000	10,000	
Each Occurrence	1,000,000	10,000	
Personal & Advertising Injury	1,000,000	10,000	
Fire Damage Legal Liability	1,000,000	10,000	
Medical Expense Limit	5,000		
Pesticide or Herbicide Applicator	1,000,000	1,000	
Employee Benefits Liability	1,000,000/per claim	1,000	
	2,000,000 annual aggregate		
Sexual Abuse & Molestation	1,000,000/occurrence		
	1,000,000 annual aggregate		

**Englewood Cliffs Board of Education
Insurance Schedule
June 30, 2020**

Company	Type of Coverage	Coverage	Deductible
Great American Insurance Company	Commercial Property		
	Blanket Building Contents and Special Classes	27,477,659	5,000
	Commercial Auto		
	Automobile Liability	1,000,000	
	Medical Payments	10,000	
	Uninsured Motorist	1,000,000	
	Underinsured Motorist	1,000,000	
	Comprehensive Collision		1,000
Selective Ins. Co. of America	Crime		
	Public Employee Theft-Per Employee	100,000	5,000
	Public Employee Theft-Per Loss	500,000	100,000
	Forgery or Alteration	100,000	1,000
	Funds Transfer Fraud	100,000	1,000
	Computer Fraud	100,000	1,000
Markel Ins Co	Environmental Pollution Liability		
	Aggregate of all Claims	4,000,000	25,000
	Total Policy Aggregate	20,000,000	
Greenwich Insurance Co.	Educator's Legal Liability	1,000,000	10,000
	Employment Practices Liability & Third Party	1,000,000	20,000
	Reimbursement of Defense Expenses	500,000	10,000
Gerber Life Insurance	Personal Injury		
	Accidental Death, Dismemberment & Paralysis	100,000	
	Total Limit of Liability per Accident	500,000	
Safety National Group	Each Accident - Bodily Injury by Accident	1,000,000	
	Policy Limit - Bodily Injury by Disease	1,000,000	
	Each Employee - Bodily Injury by Disease	1,000,000	
Great American Ins Co	Excess Liability Each Occurrence/Aggregate Unshared	9,000,000	
Starstone National Insurance Co.	Excess Liability Each Occurrence/Aggregate Unshared	15,000,000	
Markel American	Excess Liability Each Occurrence/Aggregate Unshared	15,000,000	
Firemans Fund Ins. Co.	Commercial Umbrella Excess Shared		
	Bodily Injury & Property Damage	50,000,000/occurrence 50,000,000 aggregate	
Indian Harbor	Cyber Liability		
	Media & Privacy and Cyber Security	2,000,000	15,000
	Privacy & Cyber Security	2,000,000	15,000
	Privacy Regulatory Defense, Awards & Fines	1,000,000	15,000
	Business Interruption & Extra Expense	1,000,000	10 Hours
	Data Recovery	1,000,000	15,000
	Cyber-Extortion	1,000,000	15,000
	Data Breach Response & Crisis Management	1,000,000	15,000
	Aggregate Policy Limit	6,000,000	

Source: District Records

SINGLE AUDIT SECTION



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Matthew B. Wielkottz, CPA, PSA
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and
Members of the Board of Education
Borough of Englewood Cliffs School District
County of Bergen, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Englewood Cliffs School District, in the County of Bergen, New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Borough of Englewood Cliffs 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 Borough of Englewood Cliffs Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Englewood Cliffs 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 Borough of Englewood Cliffs Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Borough of Englewood Cliffs School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated December 14, 2020.

Purpose of this Report

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

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Wielkotz + Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

December 14, 2020



WIELKOTZ & COMPANY LLC
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Page 1 of 3

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY N.J. OMB CIRCULAR 15-08

Honorable President and
Members of the Board of Education
Borough of Englewood Cliffs School District
County of Bergen, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Borough of Englewood Cliffs School District in the County of Bergen, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Englewood Cliffs Board of Education’s major state programs for the year ended June 30, 2020. The Borough of Englewood Cliffs Board of Education’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express opinions on compliance for each of the Borough of Englewood Cliffs 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; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles*, and N.J. OMB Circular 15-08. Those standards and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Englewood Cliffs Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our 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 Borough of Englewood Cliffs Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Borough of Englewood Cliffs Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Borough of Englewood Cliffs 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 Borough of Englewood Cliffs Board of Education's internal control over compliance with the type 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 N.J. 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 Borough of Englewood Cliffs 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 or significant deficiencies.

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 N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Wielkotz + Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

December 14, 2020

ENGLEWOOD CLIFFS BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable) at June 30, 2020	Deferred Revenue at June 30, 2020	Due to Grantor at June 30, 2020
U.S. Department of Agriculture Passed-through State Department of Education: Enterprise Fund:													
Special Milk Program	10.556	191NFJ04N1099	N/A	7/1/19-6/30/20	1,407			1,309	1,407		(98)		
Special Milk Program	10.556	181NFJ04N1099	N/A	7/1/18-6/30/19	2,379	(437)		437			(98)		
Total U.S. Department of Agriculture						(437)		1,746	1,407		(98)		
Special Revenue Fund:													
Title I, Part A	84.010	S010A190030	ESEA-1380-20	7/1/19-6/30/20	61,259		(25,994)	65,027	52,562		(13,529)		
Title I, Part A	84.010	S010A180030	ESEA-1380-19	7/1/18-6/30/19	65,184	(25,994)	25,994						
Title II, Part A	84.367A	S367A190029	ESEA-1380-20	7/1/19-6/30/20	13,287			12,353	12,353				
Title III, English and Language Acquisition and Language Enhancement	84.365A	S365A170030	ESEA-1380-18	7/1/17-6/30/18	10,000	(1,866)		1,866					
Title III, Immigrant	84.365A	S365A190030	ESEA-1380-20	7/1/19-6/30/20	2,149	(9,697)	(9,697)	9,697	211			211	
Title III, Immigrant	84.365A	S365A180030	ESEA-1380-19	7/1/18-6/30/19	10,000	(9,697)	9,697						
Title IV	84.424	S424A190031	ESEA-1380-20	7/1/19-6/30/20	12,699	(915)	915	7,569	8,724		(2,070)		
Title IV	84.424	S424A180031	ESEA-1380-19	7/1/18-6/30/19	12,699	(915)							
I.D.E.A. Part B, Basic	84.027	H027A190100	IDEA-1380-20	7/1/19-6/30/20	115,201			115,201	115,201				
I.D.E.A. Part B, Preschool	84.173	H173A190114	IDEA-1380-20	7/1/19-6/30/20	4,573			4,573	4,573				
CARES Emergency Relief Act	84.425D	S425D200027		3/13/20-9/30/22	49,250	(38,472)		216,286	242,503	211	(49,090)	211	
Total U.S. Department of Education						(38,472)		216,286	242,503	211	(64,689)	211	
Total Federal Financial Assistance						(38,909)		218,032	243,910	211	(64,787)	211	

(1) - Grant revenue and expenditures are reflected on this schedule for information purposes only - grant is administered by a consortium with the Bogota Board of Education. See accompanying notes to schedules of expenditures of federal and state awards.

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

ENGLEWOOD CLIFFS BOARD OF EDUCATION

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2020

State Grantor/Program Title	Grant or State Project Numbers	Grant Period	Program or Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures Pass through Funds	Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO	
				Deferred Revenue (Accounts Receivable)	(Accounts Receivable)				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund:												
Special Education Aid	495-034-5120-089	7/1/19-6/30/20	\$ 304,738		278,805	304,738			*	(25,933)	304,738	
Transportation Aid	495-034-5120-014	7/1/19-6/30/20	141,069		129,064	141,069			*	(12,005)	141,069	
Security Aid	495-034-5120-084	7/1/19-6/30/20	8,968		8,205	8,968			*	(763)	8,968	
Reimbursed Non-Public Transportation Aid	495-034-5120-014	7/1/19-6/30/20	5,205			5,205			*	(5,205)	5,205	
Reimbursed Non-Public Transportation Aid	495-034-5120-014	7/1/18-6/30/19	30,711	(30,711)	30,711				*		30,711	
Extraordinary Aid	495-034-5120-044	7/1/19-6/30/20	231,215			231,215			*	(231,215)	231,215	
Extraordinary Aid	495-034-5120-044	7/1/18-6/30/19	271,306	(271,306)	271,306				*	(17,644)	271,306	
TPAF Social Security	495-034-5094-003	7/1/19-6/30/20	359,764		342,120	359,764			*		359,764	
TPAF Social Security	495-034-5094-003	7/1/18-6/30/19	344,688	(17,304)	17,304				*		344,688	
On-behalf TPAF Postretirement Medical Cont.	495-034-5094-001	7/1/19-6/30/20	356,933		356,933	356,933			*		356,933	
On-behalf TPAF Pension	495-034-5094-002	7/1/19-6/30/20	945,189		945,189	945,189			*		945,189	
On-behalf TPAF NCGI Premium	495-034-5094-004	7/1/19-6/30/20	16,941		16,941	16,941			*		16,941	
On-behalf TPAF - LTDI	495-034-5094-004	7/1/19-6/30/20	928		928	928			*		928	
Total General Fund			2,397,506	(319,321)	2,397,506	2,370,950			*	(254,064)	2,370,950	(38,701)
Special Revenue Fund:												
N.J. Nonpublic Aid:												
Security Aid	100-034-5120-509	7/1/19-6/30/20	16,800		16,800	4,240			*		4,240	
Security Aid	100-034-5120-509	7/1/18-6/30/19	17,700	2,634			2,634		*		15,066	
Textbook Aid	100-034-5120-064	7/1/19-6/30/20	5,166		5,166	4,121			*	1,045	4,121	
Textbook Aid	100-034-5120-064	7/1/18-6/30/19	5,180	5			5		*		5,175	
Nursing Services	100-034-5120-070	7/1/19-6/30/20	10,864		10,864	9,374			*	1,490	10,864	
Technology Aid	100-034-5120-373	7/1/19-6/30/20	3,528		3,528	3,394			*	134	3,394	
Technology Aid	100-034-5120-373	7/1/18-6/30/19	3,492	118			118		*		3,374	
Total Special Revenue Fund			63,660	2,757	36,358	21,129	2,757		*	15,229	46,234	
Debt Service Fund:												
Debt Service Aid Type II												
Debt Service Aid Type II	495-034-5120-017	7/1/19-6/30/20	89,076		89,076	89,076			*		89,076	
Debt Service Aid Type II	495-034-5120-017	7/1/18-6/30/19	89,076		89,076	89,076			*		89,076	
Total State Financial Assistance			2,522,940	(316,564)	2,522,940	2,481,155	2,757		*	(254,064)	2,481,155	(38,701)
											3,152,965	

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Board of Education, Borough of Englewood Cliffs School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(D) and 1(E) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(5,802) for the General Fund and \$(68,289) for the Special Revenue Fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$2,365,148	\$2,365,148
Special Revenue Fund	213,484	30,894	244,378
Debt Service Fund		89,076	89,076
Food Service Fund	<u>1,407</u>		<u>1,407</u>
Total Awards and Financial	<u>\$214,891</u>	<u>\$2,485,118</u>	<u>\$2,700,009</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2020.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, the amount of \$1,319,991 of on-behalf payments is excluded from major program determination.

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the school district:

<u>Program</u>	<u>Total</u>
Title I, Part A: <i>Grants to Local Educational Agencies</i>	\$52,562
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	12,353
Title IV: <i>Student Support and Academic Enrichment</i>	<u>8,724</u>
Total	<u>\$73,639</u>

**BOROUGH OF ENGLEWOOD CLIFFS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

2. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Not Applicable

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

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

2. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable?? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-089/ 495-034-5120-084</u> (B)	<u>Special Emergency Aid, Security Aid</u>

Note: (B) – Tested as Major Type B Program.

**BOROUGH OF ENGLEWOOD CLIFFS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)**

Section II - Financial Statement Findings

None

Section III - State Financial Assistance Findings and Questioned Costs

None

**BOROUGH OF ENGLEWOOD CLIFFS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Status of Prior Year Findings

There were no prior year findings.