

SCHOOL DISTRICT
OF THE
BOROUGH OF HAWORTH

Borough of Haworth
Board of Education
Haworth, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

Comprehensive Annual Financial Report

of the

Borough of Haworth
Board of Education

Haworth, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

Borough of Haworth
Board of Education

HAWORTH BOARD OF EDUCATION
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INTRODUCTORY SECTION
(UNAUDITED)



Haworth Public School

Dr. Peter J. Hughes
Superintendent

Mr. Paul Wolford
Business Administrator/
Director of Elementary Education

December 17, 2020

The Honorable President and Members of
the Board of Education
Haworth Board of Education
County of Bergen, New Jersey

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Haworth Board of Education (the “District”) for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Haworth Board of Education (the “Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District’s organizational chart and a list of principal officials. The financial section includes the Independent Auditors’ Report, the management’s discussion and analysis, the basic financial statements and notes providing an overview of the District’s financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors’ report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

- 1. REPORTING ENTITY AND ITS SERVICES:** The Haworth Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (“GASB”) in codification section 2100. All funds of the District are included in this report. The Haworth Board of Education’s elementary school constitutes the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education, for handicapped youngsters. The District completed the 2019-2020 fiscal year with an average daily enrollment of 398 students, which is 11 students less than the prior year’s enrollment.

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Haworth is a small community within the County of Bergen. Its economic condition and population are stable. No new housing developments are expected within the near future. Therefore, no substantial increase to the annual daily enrollment is expected in the short term.
3. MAJOR INITIATIVES: Students continued to score above the state and national averages on the NJ ASK and PARCC tests. We have established and met our goals in fiscal efficiency and special education, as well as student achievement and technology. We have a 0% drop out rate. One hundred percent of our children go on to secondary education.
4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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


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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2020.

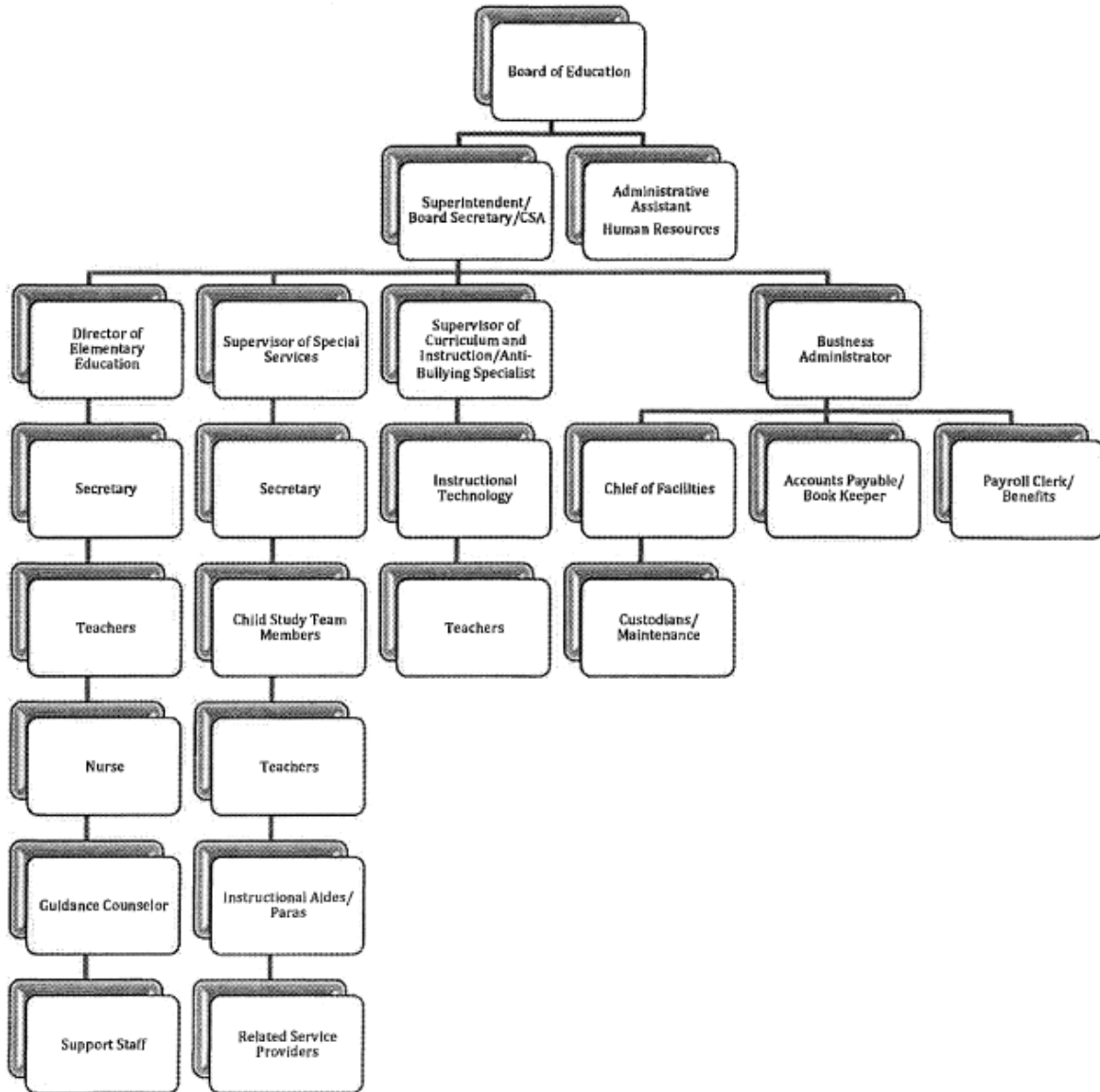
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found in J-20.
9. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Haworth School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,


Dr. Peter J. Hughes
Superintendent


Paul Wolford
Business Administrator/
Director of Elementary Education

HAWORTH BOARD OF EDUCATION
ORGANIZATIONAL CHART
JUNE 30, 2020



HAWORTH BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Rodino, President	2020
Stacey Wunch, Vice President	2021
Ilisha Borek	2022
Charles Crowley	2021
Alanna Davis	2022
MaryAnn Doran	2020
Karen Leddy	2022

<u>Other Officials</u>	<u>Title</u>
Dr. Peter J. Hughes	Chief School Administrator
Kristi Giambona	Board Secretary
Paul Wolford	Business Administrator/Director of Elementary Education
Rebecca Overgaard	Treasurer of School Monies

HAWORTH BOARD OF EDUCATION

Consultants and Advisors
Year Ended June 30, 2020

Audit Firm

Nisivoccia LLP, CPAs
200 Valley Road Suite 300
Mount Arlington, NJ 07856

Attorney

Fogarty & Hara, Esqs.
21-00 Route 208 South
Fairlawn, NJ 07410

Official Depository

Valley National Bank
243 Main Street
New Milford, NJ 07646

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Haworth Board of Education
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 Haworth Borough School District (the "District") in the County of Bergen, as of and for the fiscal 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 misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post retirement schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable President and Members
of the Board of Education
Haworth Board of Education
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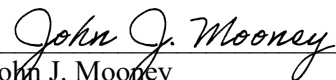
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 17, 2020
Mount Arlington, New Jersey


NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION -
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

This section of Haworth Borough School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as an aftercare program.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of Borough of Haworth School District's Financial Report**

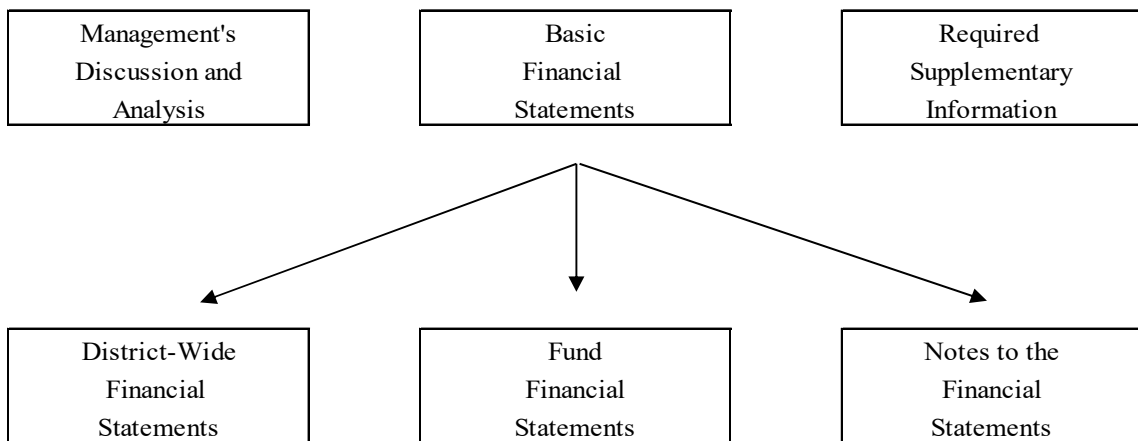


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements			
	District-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses; aftercare program	Instances in which the district administers resources on behalf of someone else, such as student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenue, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual Accounting and Economic Resources focus	Modified Accrual Accounting and Current Financial Focus	Accrual Accounting and Economic Resources focus	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, Deferred Inflows and Outflows of Resources, both Financial and Capital, Short-Term and Long-Term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All Revenue and Expenses during the year, regardless of when Cash is Received or Paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable	All Revenue and Expenses during the year, regardless of when cash is received or paid	All Additions and Deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

The two District-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic 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. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the total. The depreciation factored into the District's net position for 2019-20 is \$234,956. This same amount is also factored in as an expense.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Current and Other Assets	\$ 3,235,588	\$ 2,047,942	\$ 124,565	\$ 114,605	\$ 3,360,153	\$ 2,162,547	
Capital Assets, Net	9,768,218	9,740,326			9,768,218	9,740,326	
Total Assets	13,003,806	11,788,268	124,565	114,605	13,128,371	11,902,873	10.30%
Deferred Outflows of Resources	586,587	937,751			586,587	937,751	-37.45%
Other Liabilities	527,025	148,334	1,668		528,693	148,334	
Long-Term Liabilities	1,892,146	2,403,482			1,892,146	2,403,482	
Total Liabilities	2,419,171	2,551,816	1,668		2,420,839	2,551,816	-5.13%
Deferred Inflows of Resources	1,000,811	1,010,401			1,000,811	1,010,401	-0.95%
Net Position:							
Net Investment in Capital							
Assets	9,768,218	9,493,326			9,768,218	9,493,326	
Restricted	2,417,241	1,586,794			2,417,241	1,586,794	
Unrestricted/(Deficit)	(2,015,048)	(1,916,318)	122,897	114,605	(1,892,151)	(1,801,713)	
Total Net Position	\$ 10,170,411	\$ 9,163,802	\$ 122,897	\$ 114,605	\$ 10,293,308	\$ 9,278,407	10.94%

Changes in net position. The District's *combined* net position was \$10,293,308 on June 30, 2020, \$1,014,901 or 10.94% more than it was the year before. (See Figure A-3). The reduction of District long-term liabilities associated with capital assets and the conservative spending of the District were the primary reasons for the increase in the year end governmental net position. The net position of the business-type activities increased \$8,292 (see Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental		Business-Type		Total		Total
	Activities		Activities		School		Percentage
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	Change
Revenue:							
Program Revenue:							
Charges for Services			\$ 61,863	\$ 90,700	\$ 61,863	\$ 90,700	
Operating Grants and Contributions	\$ 2,294,428	\$ 2,796,294			2,294,428	2,796,294	
General Revenue:							
Property Taxes	9,312,794	9,200,982			9,312,794	9,200,982	
Unrestricted Federal and State Aid		71,416				71,416	
Other	83,795	108,960	2,072	2,597	85,867	111,557	
Total Revenue	11,691,017	12,177,652	63,935	93,297	11,754,952	12,270,949	-4.21%
Expenses:							
Instruction	7,015,359	7,483,587			7,015,359	7,483,587	
Pupil & Instruction Services	1,708,429	1,922,838			1,708,429	1,922,838	
Administrative and Business	969,780	1,020,873			969,780	1,020,873	
Maintenance & Operations	938,792	1,037,278			938,792	1,037,278	
Transportation	42,865	108,512			42,865	108,512	
Other	9,183	21,184	55,643	78,895	64,826	100,079	
Total Expenses	10,684,408	11,594,272	55,643	78,895	10,740,051	11,673,167	-7.99%
Change in Net Position	\$ 1,006,609	\$ 583,380	\$ 8,292	\$ 14,402	\$ 1,014,901	\$ 597,782	69.78%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. Maintaining current levels of regular and special programs and services for special needs pupils place great demands on the District's resources. Careful management of expenses is essential for the District's financial stability.

It has never been more challenging to balance the needs of the District with the financial resources available to the District. Thus, it is critical that the District remains steadfast to thoroughly examine its budget choices carefully.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

**Figure A-5
Net Cost of Governmental Activities**

	Total		Net	
	Cost of Services		Cost of Services	
	2019/20	2018/19	2019/20	2018/19
Instruction	\$ 7,015,359	\$ 7,483,587	\$ 5,196,890	\$ 5,247,013
Pupil & Instruction Services	1,708,429	1,922,838	1,241,486	1,444,039
Administrative and Business	969,780	1,020,873	982,043	993,547
Maintenance & Operations	938,792	1,037,278	948,231	1,016,463
Transportation	42,865	108,512	12,147	75,732
Other	9,183	21,184	9,183	21,184
Total	\$ 10,684,408	\$ 11,594,272	\$ 8,389,980	\$ 8,797,978

Business-Type Activities

Net position from the District’s business-type activity increased by \$8,292 primarily due to a decrease in expenses from the COVID shutdown (refer to Figure A-4).

Financial Analysis of the District’s Funds

The District’s financial position increased approximately \$845,000 in the General Fund or 42%. Accordingly, the Haworth District has taken measures to reduce expenditures and not be dependent on excess fund balance going forward which has been a challenge during 2019-20 and will continue to be a larger challenge going forward.

To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times due to the following:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and maintenance activities.

Capital Asset and Long-Term Liabilities Administration

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Total School District		Total Percentage Change
	2019/20	2018/19	2019/20	2018/19	2019/20
	Land	\$ 1,324,500	\$ 1,324,500	\$ 1,324,500	\$ 1,324,500
Construction in Progress		240,070		240,070	
Site Improvements	314,104	251,529	314,104	251,529	
Buildings & Building Improvements	7,938,673	7,700,712	7,938,673	7,700,712	
Machinery and Equipment	190,941	223,515	190,941	223,515	
Total	<u>\$ 9,768,218</u>	<u>\$ 9,740,326</u>	<u>\$ 9,768,218</u>	<u>\$ 9,740,326</u>	0.29%

Long-Term Liabilities

At year-end, the District had \$1,805,376 of net pension liability and \$86,770 in other long-term liabilities outstanding – a decrease of \$511,336 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 6 to the financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2019/20	2018/19	2019/20
	General Obligation Bonds and Notes (Financed with Property Taxes)		\$ 247,000
Other Long Term Liabilities	\$ 86,770	71,270	
Net Pension Liability - PERS	<u>1,805,376</u>	<u>2,085,212</u>	
Total	<u>\$ 1,892,146</u>	<u>\$ 2,403,482</u>	-21.27%

- The District paid off the general obligation bonds.
- The District experienced a decrease of \$279,836 in net pension liability.
- The District had \$86,770 in Compensated Absences Payable outstanding – an increase of \$15,500 from the prior year.

Factors Bearing on the District’s Future

The District closed the 2019-20 fiscal year with an Unassigned General Fund fund balance of \$364,694 on the budgetary basis of accounting, which equals the maximum of 2.00% currently permitted by state law. The Capital Reserve represents funds set aside for capital building improvements and repairs in future years. Also, the calculation of the District’s excess surplus performed during the annual audit revealed excess surplus of \$125,000 at year end.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, customers and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 205 Valley Road, Haworth, New Jersey 07641.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HAWORTH BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 31,439	\$ 127,120	\$ 158,559
Receivables:			
State	169,222		169,222
Other Governments	931,280		931,280
Internal Balances	2,555	(2,555)	
Interfund Receivable	5,350		5,350
Restricted Assets:			
Cash and Cash Equivalents	2,095,742		2,095,742
Capital Assets Net:			
Sites (Land)	1,324,500		1,324,500
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	8,443,718		8,443,718
Total Assets	13,003,806	124,565	13,128,371
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	586,587		586,587
Total Deferred Outflows of Resources	586,587		586,587
LIABILITIES:			
Accounts Payable	515,674	1,668	517,342
Unearned Revenue	11,351		11,351
Noncurrent Liabilities:			
Due Beyond One Year	1,892,146		1,892,146
Total Liabilities	2,419,171	1,668	2,420,839
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	1,000,811		1,000,811
Total Deferred Inflows of Resources	1,000,811		1,000,811
NET POSITION:			
Investment in Capital Assets	9,768,218		9,768,218
Restricted for:			
Capital Projects	2,045,742		2,045,742
Emergency	50,000		50,000
Excess Surplus	321,499		321,499
Unrestricted (Deficit)	(2,015,048)	122,897	(1,892,151)
Total Net Position	\$ 10,170,411	\$ 122,897	\$ 10,293,308

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

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

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 5,312,029	\$	1,229,557	\$ (4,082,472)		\$ (4,082,472)
Special Education	953,451		609,739	(343,712)		(343,712)
Other Special	749,879		(20,827)	(770,706)		(770,706)
Support Services:						
Tuition	420,706		76,596	(344,110)		(344,110)
Student & Instruction Related Services	1,287,723		390,347	(897,376)		(897,376)
General Administrative Services	481,293		(5,372)	(486,665)		(486,665)
School Administrative Services	194,119		(6,891)	(201,010)		(201,010)
Central Services	271,909			(271,909)		(271,909)
Administrative Technology Services	22,459			(22,459)		(22,459)
Plant Operations and Maintenance	938,792		(9,439)	(948,231)		(948,231)
Pupil Transportation	42,865		30,718	(12,147)		(12,147)
Interest on Long-Term Debt	9,183			(9,183)		(9,183)
Total Governmental Activities	10,684,408		2,294,428	(8,389,980)		(8,389,980)

HAWORTH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities: Aftercare Program	\$ 55,643	\$ 61,863			\$ 6,220	\$ 6,220
Total Business-Type Activities	55,643	61,863			6,220	6,220
Total Primary Government	\$ 10,740,051	\$ 61,863	\$ 2,294,428	\$ (8,389,980)	6,220	(8,383,760)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				9,061,991		9,061,991
Taxes Levied for Debt Service				250,803		250,803
Investment Earnings on Capital Reserve				19,334		19,334
Miscellaneous Income				64,461	2,072	66,533
Total General Revenue				9,396,589	2,072	9,398,661
Change in Net Position				1,006,609	8,292	1,014,901
Net Position - Beginning				9,163,802	114,605	9,278,407
Net Position - Ending				\$ 10,170,411	\$ 122,897	\$ 10,293,308

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

HAWORTH BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents		\$ 11,351	\$ 20,088		\$ 31,439
Interfund Receivable	\$ 27,993			\$ 2,697	30,690
Receivables From State Government	169,222				169,222
Receivables From Other Governments	931,280				931,280
Restricted Cash and Cash Equivalents	2,095,742				2,095,742
Total Assets	\$ 3,224,237	\$ 11,351	\$ 20,088	\$ 2,697	\$ 3,258,373
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable - Vendors	\$ 152,320				\$ 152,320
Accounts Payable - Cash Deficit	237,240				237,240
Interfunds Payable			\$ 20,088	\$ 2,697	22,785
Unearned Revenue		\$ 11,351			11,351
Total Liabilities	389,560	11,351	20,088	2,697	423,696
Fund Balances:					
Restricted:					
Capital Reserve Account	2,045,742				2,045,742
Emergency Reserve Account	50,000				50,000
Excess Surplus - 2021-2022	125,000				125,000
Excess Surplus - 2020-2021	196,499				196,499
Assigned:					
Year-end Encumbrances	8,248				8,248
For Subsequent Year's Expenditures	72,797				72,797
Unassigned	336,391				336,391
Total Fund Balances	2,834,677				2,834,677
Total Liabilities and Fund Balances	\$ 3,224,237	\$ 11,351	\$ 20,088	\$ 2,697	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	9,768,218
Long-term liabilities, including bonds payable and other long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(86,770)
The net pension liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(1,805,376)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows of Resources Related to Pensions, Excluding District Contribution Subsequent to the Measurement Date	460,473
Deferred Inflows of Resources Related to Pensions	(1,000,811)
Net Position of Governmental Activities	\$ 10,170,411

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 9,061,991			\$ 250,803	\$ 9,312,794
Interest on Capital Reserve	19,334				19,334
Interest on Investments	19,339		\$ 338		19,677
Miscellaneous	44,784				44,784
Total - Local Sources	9,145,448		338	250,803	9,396,589
State Sources	1,962,165				1,962,165
Federal Sources		\$ 76,596			76,596
Total Revenues	11,107,613	76,596	338	250,803	11,435,350

EXPENDITURES:

Current:					
Regular Instruction	3,175,058				3,175,058
Special Education Instruction	560,443				560,443
Other Special Instruction	207,618				207,618
Support Services and Undistributed Costs:					
Tuition	344,110	76,596			420,706
Student & Instruction Related Services	1,135,286				1,135,286
General Administrative Services	372,703				372,703
School Administrative Services	141,671				141,671
Central Services	198,378				198,378
Administrative Information Technology	22,459				22,459
Plant Operations and Maintenance	771,332				771,332
Pupil Transportation	42,865				42,865
Unallocated Benefits	3,029,585				3,029,585
Debt Service:					
Principal				247,000	247,000
Interest and Other Charges				4,940	4,940

HAWORTH BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Capital Outlay	\$ 262,716				\$ 262,716
Total Expenditures	10,264,224	\$ 76,596		\$ 251,940	10,592,760
Excess/(Deficiency) of Revenue over/(under) Expenditures	843,389		\$ 338	(1,137)	842,590
OTHER FINANCING SOURCES/(USES):					
Transfers In	1,259			338	1,597
Transfers Out			(338)	(1,259)	(1,597)
Total Other Financing Sources/(Uses)	1,259		(338)	(921)	
Net Change in Fund Balances	844,648			(2,058)	842,590
Fund Balance - July 1	1,990,029			2,058	1,992,087
Fund Balance - June 30	\$ 2,834,677	\$ -0-	\$ -0-	\$ -0-	\$ 2,834,677

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

HAWORTH BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 842,590

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from the capital asset additions for the current year.

Depreciation Expense	\$ (234,956)
Capital Asset Additions	262,848
	27,892

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 (+).

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	279,836
Change in Deferred Outflows	(384,799)
Change in Deferred Inflows:	9,590
Change in Net Position of Governmental Activities (Exhibit A-2)	\$ 1,006,609

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

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

	<u>Business-Type Activities - Aftercare Program</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 127,120
Total Current Assets	<u>127,120</u>
Total Assets	<u>127,120</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Interfund Payable	2,555
Accounts Payable	<u>1,668</u>
Total Current Liabilities	<u>4,223</u>
<u>NET POSITION:</u>	
Unrestricted	<u>122,897</u>
Total Net Position	<u>\$ 122,897</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

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

	<u>Business-Type Activities - Aftercare Program</u>
Operating Revenue:	
Charges for Services:	
Program Fees	\$ 61,863
Total Operating Revenue	<u>61,863</u>
Operating Expenses:	
Salaries and Payroll Taxes	45,561
General Supplies	<u>10,082</u>
Total Operating Expenses	<u>55,643</u>
Operating Income	<u>6,220</u>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	<u>2,072</u>
Total Non-Operating Revenue	<u>2,072</u>
Change in Net Position	8,292
Net Position - Beginning of Year	<u>114,605</u>
Net Position - End of Year	<u><u>\$ 122,897</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

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

	<u>Business-Type Activities - Aftercare Program</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 61,863
Payments to Employees	(45,561)
Payments to Suppliers	(8,414)
Net Cash Provided by Operating Activities	<u>7,888</u>
Cash Flows by Noncapital Financing Activities:	
Interest Revenue	<u>2,072</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,072</u>
Net Increase in Cash and Cash Equivalents	9,960
Cash and Cash Equivalents, July 1	<u>117,160</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 127,120</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 6,220
Adjustment to Reconcile Operating Income to Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	<u>1,668</u>
Net Cash Provided by Operating Activities	<u><u>\$ 7,888</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAWORTH BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

	<u>Agency Funds</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 155,499	\$ 14,895
Total Assets	<u>155,499</u>	<u>14,895</u>
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	121,840	
Interfund Payable - General Fund	5,350	
Due to Student Groups	<u>28,309</u>	
Total Liabilities	<u>155,499</u>	
<u>NET POSITION:</u>		
Held in Trust for Flexible Spending Claims		<u>14,895</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 14,895</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAWORTH BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Flexible Spending Trust
ADDITIONS:	
Contributions:	
Plan Member	\$ 18,733
Total Contributions	18,733
DEDUCTIONS:	
Flexible Spending Claims	13,164
Total Deductions	13,164
Change in Net Position	5,569
Net Position - Beginning of the Year	9,326
Net Position - End of the Year	\$ 14,895

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAWORTH BOARD OF EDUCATION
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 (the "Board") of the Haworth Board of Education (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. 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.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported 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 NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: (Cont'd)

funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's aftercare program. This program provides after school activities. This fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and the Flexible Spending Trust Fund.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting: (Cont'd)

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by unassigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

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	\$ 11,110,017	\$ 76,596
Differences - Budgetary:		
Prior Year State Aid Payments Recognized for GAAP Statements not Recognized for Budgetary Purposes	25,899	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(28,303)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 11,107,613	\$ 76,596
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,264,224	\$ 76,596
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 10,264,224	\$ 76,596

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents, and Investments: (Cont'd)

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 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. 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 restricted, committed, and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. The District has reviewed its capital assets for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 Years
Site Improvements	20 Years
Machinery and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2020.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

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

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$2,834,677 General Fund fund balance at June 30, 2020, \$8,248 is assigned for encumbrances, \$72,797 is assigned for subsequent year's expenditures, \$2,045,742 is restricted in the capital reserve account; \$50,000 is restricted in the emergency reserve; \$125,000 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2021; \$196,499 is prior year excess surplus designated for subsequent year's expenditures in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021; and \$336,391 is unassigned which is \$28,303 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2021.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996(CEIFA). New Jersey school districts are required to restrict General 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 year's budget. The District had excess surplus at June 30, 2020 as noted above.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$28,303 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit in Net Position:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2020 of \$2,015,048, which is primarily due to the net pension liability of \$1,805,376 and the changes in deferred inflows and outflows related to pensions. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows at June 30, 2020 related to pensions. The District had deferred outflows at June 30, 2020 related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, an emergency reserve, and excess surplus.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances and funds designated for the subsequent year's budget in the General Fund at June 30, 2020.

T. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Operating Revenue and Expenses:

Operating revenue is revenue that is generated directly from the primary activity of the Enterprise Funds. For the School District, this revenue represents program fees for the aftercare program. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

V. Management Estimates:

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

W. Pensions:

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

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following two pages.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

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

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

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

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

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

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law”, P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Total
		Capital Reserve	Emergency Reserve	
Checking and Savings Accounts	\$ 328,953	\$ 2,045,742	\$ 50,000	\$ 2,424,695
	<u>\$ 328,953</u>	<u>\$ 2,045,742</u>	<u>\$ 50,000</u>	<u>\$ 2,424,695</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$2,424,695 and the bank balance was \$2,233,188. The District did not hold any investments during the fiscal year ended June 30, 2020.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Haworth Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, 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 amount or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Balance at June 30, 2019	\$ 1,177,800
Increased by:	
Interest Earned	\$ 19,334
Deposit by Board Resolution	848,608
	867,942
Balance at June 30, 2020	\$ 2,045,742

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2020.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,324,500			\$ 1,324,500
Construction in Progress	240,070		\$ (240,070)	
Total Capital Assets not Being Depreciated	<u>1,564,570</u>		<u>(240,070)</u>	<u>1,324,500</u>
Capital Assets Being Depreciated				
Site Improvements	773,644	\$ 106,223		879,867
Buildings and Building Improvements	11,995,228	152,250	240,070	12,387,548
Machinery and Equipment	767,927	4,375		772,302
Total Capital Assets Being Depreciated	<u>13,536,799</u>	<u>262,848</u>	<u>240,070</u>	<u>14,039,717</u>
Governmental Activities Capital Assets	<u>15,101,369</u>	<u>262,848</u>		<u>15,364,217</u>
Less Accumulated Depreciation for:				
Site Improvements	(522,115)	(43,648)		(565,763)
Buildings and Building Improvements	(4,294,516)	(154,359)		(4,448,875)
Machinery and Equipment	(544,412)	(36,949)		(581,361)
Total Accumulated Depreciation	<u>(5,361,043)</u>	<u>(234,956)</u>		<u>(5,595,999)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,740,326</u>	<u>\$ 27,892</u>	<u>\$ -0-</u>	<u>\$ 9,768,218</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 180,822
Special Education Instruction	10,526
Other Special Instruction	16,470
Student and Instruction Related Services	4,206
School Administrative Services	4,206
General Administrative Services	13,674
Plant Operations and Maintenance	5,052
	<u>\$ 234,956</u>

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2019</u>	<u>Issued/</u> <u>Accrued</u>	<u>Retired/</u> <u>Matured</u>	<u>Balance</u> <u>6/30/2020</u>
Serial Bonds Payable	\$ 247,000		\$ 247,000	
Compensated Absences Payable	71,270	\$ 25,500	10,000	\$ 86,770
Net Pension Liability - PERS	<u>2,085,212</u>		<u>279,836</u>	<u>1,805,376</u>
	<u>\$2,403,482</u>	<u>\$ 25,500</u>	<u>\$ 536,836</u>	<u>\$1,892,146</u>

A. Bonds Payable:

The District had no serial bonds payable at June 30, 2020.

B. Bonds Authorized But Not Issued:

As of June 30, 2020, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

The District had no capital leases in effect during the fiscal year ended June 30, 2020.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. The current portion of the compensated absences balance of the governmental funds in the current year is \$0. The long-term liability balance of compensated absences is \$86,770. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated balances of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, no liability existed for compensated absences in the proprietary fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long-term portion is \$1,805,376. See Note 7 for further information on the PERS.

NOTE 7. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

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. The following represents the membership tiers for PERS:

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

Benefits Provided (Cont'd)

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 with 25 or more years of service credit before age 62 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 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended

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

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$102,249 for fiscal year 2020.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2020, the District reported a liability of \$1,805,376 for its proportionate share of the 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 July 1, 2018 which was rolled forward to June 30, 2019. 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 members, actuarially determined. At June 30, 2019, the District's proportion was 0.01002%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$192,837. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 4,771	
	2015	5.72	29,502	
	2016	5.57	146,000	
	2017	5.48		\$ 259,168
	2018	5.63		209,432
	2019	5.21		158,040
				<u>180,273</u>
Changes in Proportion	2014	6.44		7,963
	2015	5.72	102,728	
	2016	5.57	55,339	
	2017	5.48	89,728	
	2018	5.63		225,240
	2019	5.21		104,494
				<u>247,795</u>
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2016	5.00		(33,322)
	2017	5.00		39,989
	2018	5.00		27,815
	2019	5.00		(5,983)
				<u>28,499</u>
Difference Between Expected and Actual Experience	2015	5.72	8,185	
	2016	5.57	4,431	
	2017	5.48	7,708	
	2018	5.63		7,975
	2019	5.21	12,081	
			<u>32,405</u>	<u>7,975</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	126,114	
			<u>\$ 586,587</u>	<u>\$ 1,000,811</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the district contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2020	\$ (52,131)
2021	(169,112)
2022	(151,007)
2023	(70,906)
2024	(7,280)
	\$ (450,436)

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:

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%

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 a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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' 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 Management 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 Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

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 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 2,296,348	\$ 1,805,376	\$ 1,414,805

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

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. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

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 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, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$879,700 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,261,962.

The employee contribution rate was 7.50% effective July 1, 2018.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$21,395,470. 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 July 1, 2018 which was rolled forward to June 30, 2019. 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 members, actuarially determined. At June 30, 2019, the District's proportion was 0.034%, which was a decrease of 0.003% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>21,395,470</u>
Total	<u>\$ 21,395,470</u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$1,261,962 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Period in Years	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 768,874,621	
	2015	8.3	2,351,172,865	
	2016	8.3	5,609,216,856	
	2017	8.3		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
				<u>8,729,264,342</u>
Difference Between Expected and Actual Experience	2014	8.5		7,323,009
	2015	8.3	145,211,243	
	2016	8.3		69,755,412
	2017	8.3	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
				<u>1,203,503,264</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5		(431,855,192)
	2017	5		452,016,524
	2018	5		288,091,115
	2019	5		(144,882,771)
				<u>163,369,676</u>
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</u>

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

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%

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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' 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 Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

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 70% of the actuarially determined contributions for the State.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

Discount Rate – TPAF (Cont'd)

Based on those assumptions, the pension 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 pension 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 25,229,995	\$ 21,395,470	\$ 18,214,026

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

NOTE 8. 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, permit 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:

TD Bank/Legend	Equitable
Metropolitan Life Insurance Company	Valic

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. 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. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

Property and Liability

The Haworth Board of Education is currently a member of the Northeast Bergen County School Board Insurance Group (the “Group”). The Group provides Worker’s Compensation, Property Damage, Employer’s Liability, Automobile and Equipment Liability, School Board Legal Liability and Boiler and Machinery insurance coverage for member school districts. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Fund’s liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2020 financial information was not available as of the date of the audit. Selected summarized financial information for the Group as of June 30, 2019 is as follows:

Total Assets	<u>\$ 32,441,723</u>
Net Position	<u>\$ 19,557,163</u>
Total Revenue	<u>\$ 14,472,107</u>
Total Expenses	<u>\$ 11,208,523</u>
Change in Net Position	<u>\$ 3,263,584</u>
Members Dividends	<u>\$ 1,860,981</u>

Financial statements for the Group are available at the Group’s Executive Director’s Office:

Northeast Bergen County
School Board Insurance Group
44 Bergen Street
PO Box 270
Westwood, NJ 07675
(201)664-0310

New Jersey Unemployment Compensation Insurance

The Board of Education has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this plan, the Board is required to remit employee withholdings to the State on a quarterly basis. All of the Board of Education’s claims are paid by the State.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. ECONOMIC DEPENDENCY

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

NOTE 11. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Encumbrances

At June 30, 2020, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Total Governmental Funds</u>
\$ 8,248	\$ 8,248

Litigation

The Board is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and covered by insurance would not materially affect the financial position of the District.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfunds payables or receivables on the various balance sheets as of June 30, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 27,993	
Capital Projects Fund		\$ 20,088
Debt Service Fund	2,697	2,697
Aftercare Program Enterprise Fund		2,555
Payroll Agency Fund		5,350
	<u>\$ 30,690</u>	<u>\$ 30,690</u>

The general fund is owed \$2,555 from the enterprise fund for funds forwarded to pay expenses and will be returned to the general fund. The \$2,697 due to the debt service fund is for interest earned in the capital projects fund. The \$2,697 due from the debt service fund is to close out the fund to General Fund. The capital projects fund owes the general fund \$17,391 for expenses paid on its behalf and not yet turned over. The payroll agency fund owes the general fund \$5,350 for expenses paid on its behalf and interest earned and not yet turned over.

NOTE 14. ACCOUNTS PAYABLE

At year end June 30, 2020, the Board has the following accounts payable in the governmental funds:

	<u>Governmental Funds</u>	<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activites</u>
Vendors	\$ 152,320		\$ 152,320
Cash Deficit	237,240		237,240
State of New Jersey		\$ 126,114	126,114
	<u>\$ 389,560</u>	<u>\$ 126,114</u>	<u>\$ 515,674</u>

NOTE 15. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, the District did not make transfers to Capital outlay accounts.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 (Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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 total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

Actuarial Assumptions and Other Inputs

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%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05% based on years of service	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on service years

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

Mortality Rates

Pre-retirement 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. Post-retirement 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.

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 is reflected. The assumed post-65 medical trend rate 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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 13,138,717
Changes for Year:	
Service Cost	546,384
Interest on the Total OPEB Liability	523,004
Differences between Expected and Actual Experience	(2,459,451)
Changes of Assumptions	172,606
Gross Benefit Payments by the State	(355,362)
Contributions from Members	10,534
Net Changes	(1,562,285)
Balance at June 30, 2019	\$ 11,576,432

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 13,676,341	\$ 11,576,432	\$ 9,908,379

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 13,676,341	\$ 11,576,432	\$ 9,908,379
<u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>			

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$205,607 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,347,731
	2018	9.51		1,159,231
	2019	9.29	\$ 154,026	
			154,026	2,506,962
Differences Between Expected and Actual Experience	2018	9.51		1,095,834
	2019	9.29		1,812,893
				2,908,727
Changes in Proportion	N/A	N/A	39,041	1,145,093
			\$ 193,067	\$ 6,560,781

N/A - Not Available

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

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

Fiscal Year Ending June 30,	Total
2020	\$ (706,455)
2021	\$ (706,455)
2022	\$ (706,455)
2023	\$ (706,455)
2024	\$ (706,455)
Thereafter	(1,729,390)
	\$ (5,261,662)

NOTE 17. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution in July 2020. The account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is restricted to be 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. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or for a withdrawal that was included in the original budget certified for taxes to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

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

Balance at June 30, 2019	\$ -0-
Increased by:	
Deposit by Board Resolution- July 21, 2020	50,000
Balance at June 30, 2020	\$ 50,000

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 18: SUBSEQUENT EVENT NOTE

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0060019245%	0.0102414497%	0.0112299194%	0.0121393379%	0.0105904700%	0.0100195801%
District's proportionate share of the net pension liability	\$ 1,123,724	\$ 2,299,000	\$ 3,325,980	\$ 2,825,844	\$ 2,085,212	\$ 1,805,376
District's covered employee payroll	\$ 570,232	\$ 717,223	\$ 728,358	\$ 717,284	\$ 699,997	\$ 824,172
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	197.06%	320.54%	456.64%	393.96%	297.89%	219.05%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 49,479	\$ 88,049	\$ 99,765	\$ 112,458	\$ 110,842	\$ 102,249
Contributions in relation to the contractually required contribution	(49,479)	(88,049)	(99,765)	(112,458)	(110,842)	(102,249)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 717,223	\$ 728,358	\$ 717,284	\$ 699,997	\$ 824,172	\$ 831,561
Contributions as a percentage of covered employee payroll	6.90%	12.09%	13.91%	16.07%	13.45%	12.30%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0374251988%	0.0363240299%	0.0390541479%	0.0400568115%	0.03744440018%	0.03744440018%
State's proportionate share of the net pension liability attributable to the District	\$ 20,002,551	\$ 22,958,338	\$ 30,722,479	\$ 27,007,747	\$ 23,821,070	\$ 23,821,070
District's covered employee payroll	\$ 3,766,281	\$ 3,779,559	\$ 3,951,013	\$ 3,636,435	\$ 3,711,490	\$ 4,076,006
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	531.10%	607.43%	777.58%	742.70%	641.82%	584.42%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 727,021	\$ 3,302,561	\$ 2,308,367	\$ 1,870,960	\$ 1,388,685	\$ 1,261,962
Contributions in relation to the contractually required contribution	(196,381)	(312,683)	(434,806)	(551,418)	(685,662)	(879,700)
Contribution deficiency/(excess)	<u>\$ 530,640</u>	<u>\$ 2,989,878</u>	<u>\$ 1,873,561</u>	<u>\$ 1,319,542</u>	<u>\$ 703,023</u>	<u>\$ 382,262</u>
District's covered employee payroll	3,779,559	\$ 3,951,013	\$ 3,636,435	\$ 3,711,490	\$ 4,076,006	\$ 4,113,437
Contributions as a percentage of covered employee payroll	5.20%	7.91%	11.96%	14.86%	16.82%	21.39%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Years Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 773,360	\$ 643,353	\$ 546,384
Interest Cost	510,371	594,032	523,004
Differences between Expected and Actual Experience		(2,369,574)	(2,459,451)
Changes in Assumptions	(2,119,242)	(1,507,734)	172,606
Member Contributions	13,747	12,142	10,534
Gross Benefit Payments	(373,323)	(351,325)	(355,362)
Net Change in Total OPEB Liability	(1,195,087)	(2,979,106)	(1,562,285)
Total OPEB Liability - Beginning	17,312,910	16,117,823	13,138,717
Total OPEB Liability - Ending	\$ 16,117,823	\$ 13,138,717	\$ 11,576,432
State's Covered Employee Payroll *	\$ 4,679,371	\$ 4,353,719	\$ 4,776,003
Total OPEB Liability as a Percentage of Covered Employee Payroll	344.44%	301.78%	242.39%

* - Covered payroll for the fiscal years ending June 30, 2018 and June 30, 2019 are based on the payroll on the June 30, 2017 and June 30, 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

HAWORTH BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

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

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

HAWORTH BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

B. TEACHERS' PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections

HAWORTH BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement 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. Post-retirement 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 health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

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 is reflected. The assumed post-65 medical trend rate 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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 9,061,991		\$ 9,061,991	\$ 9,061,991	
Interest Earned				19,339	\$ 19,339
Interest Earned on Capital Reserve	1,500		1,500	19,334	17,834
Miscellaneous	45,000		45,000	44,784	(216)
Total - Local Sources	9,108,491		9,108,491	9,145,448	36,957
State Sources:					
Special Education Aid	221,055		221,055	221,055	
Transportation Aid	30,722		30,722	30,722	
Security Aid	33,319		33,319	33,319	
Adjustment Aid	2,172		2,172	2,172	
Extraordinary Aid	40,000		40,000	154,694	114,694
TPAF Pension Contributions (Non-Budgeted)				879,700	879,700
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				332,202	332,202
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				15,768	15,768
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				920	920
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				294,017	294,017
Total State Sources	327,268		327,268	1,964,569	1,637,301
TOTAL REVENUES	9,435,759		9,435,759	11,110,017	1,674,258

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 191,935		\$ 191,935	\$ 153,386	\$ 38,549
Grades 1-5	1,114,269		1,114,269	994,552	119,717
Grades 6-8	1,335,599	\$ 1,701	1,337,300	1,337,300	
Regular Programs - Home Instruction:					
Salaries of Teachers	3,000		3,000	405	2,595
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	389,502		389,502	340,628	48,874
Purchased Professional - Educational Services	159,000	(82,000)	77,000	51,157	25,843
Purchased Technical Services	38,298		38,298	32,714	5,584
Other Purchased Services		96,500	96,500	92,706	3,794
General Supplies	103,000	39,262	142,262	136,072	6,190
Textbooks	6,000	10,000	16,000	16,000	
Other Objects	15,000	5,138	20,138	20,138	
Total Regular Programs	3,355,603	70,601	3,426,204	3,175,058	251,146
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	656,453	(67,062)	589,391	559,503	29,888
General Supplies	4,000		4,000	940	3,060
Total Resource Room/Resource Center/Total Special Education	660,453	(67,062)	593,391	560,443	32,948

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School-Sponsored Co/Extra-Curricular Activities-Instruction:					
Salaries	\$ 25,000	\$ 19,437	\$ 44,437	\$ 44,437	
Purchased Services	1,000	(1)	999	845	\$ 154
Supplies and Materials	12,250	6,783	19,033	19,033	
Other Objects	2,000		2,000	100	1,900
Total School-Sponsored Co/Extra-Curricular Activities-Instruction	40,250	26,219	66,469	64,415	2,054
Bilingual Education:					
Salaries of Teachers	118,502		118,502	118,502	
General Supplies	1,000		1,000	997	3
Total Bilingual Education	119,502		119,502	119,499	3
Other Instructional Programs - Instruction:					
Summer School Program: Salaries of Teachers	24,000		24,000	23,704	296
Total Other Instructional Programs - Instruction	24,000		24,000	23,704	296
Total Instruction	4,199,808	29,758	4,229,566	3,943,119	286,447

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to CSSD & Regular Day School	\$ 141,454	1	\$ 141,455	\$ 53,719	\$ 87,736
Tuition to Other LEAS Within the State - Special	336,829	(1)	336,828	290,391	46,437
Total Instruction	478,283		478,283	344,110	134,173
Attendance and Social Work:					
Salaries	47,250	655	47,905	47,905	
Purchased Professional & Technical Services	15,000	(3,143)	11,857	11,771	86
Supplies and Materials	125	125		55	70
Total Attendance and Social Work	62,375	(2,488)	59,887	59,731	156
Health Services:					
Salaries	85,070		85,070	82,488	2,582
Purchased Professional and Technical Services	13,000		13,000	13,000	
Other Purchased Services	500	200	700	700	
Supplies and Materials	2,350		2,350	2,350	
Total Health Services	100,920	200	101,120	98,538	2,582
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	117,146		117,146	88,190	28,956
Purchased Professional - Educational Services	75,000	10,420	85,420	34,320	51,100
Supplies and Materials	1,000	1,523	2,523	2,523	
Total Other Support Services - Speech, OT, PT and Related Services	193,146	11,943	205,089	125,033	80,056
Other Support Services - Extraordinary Services:					
Supplies and Materials	500	(200)	300		300
Total Other Support Services - Extraordinary Services	500	(200)	300		300

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Undistributed Expenditures:					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 59,662		\$ 59,662	\$ 59,662	
Salaries of Secretarial and Clerical Assistants	54,590	636	55,226	55,226	
Purchased Professional - Educational Services	2,000		2,000		\$ 2,000
Supplies and Materials	3,500		3,500	3,087	413
Total Other Support Services - Guidance	119,752	636	120,388	117,975	2,413
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	314,975	28,220	343,195	343,195	
Salaries of Secretarial and Other Clerical Assistants	53,045	36	53,081	53,081	
Purchased Professional - Educational Services	40,000		40,000	35,759	4,241
Other Purchased Services	500	(500)			
Supplies and Materials	12,000	10,000	22,000	22,000	
Other Objects	1,500	500	2,000	2,000	
Total Other Support Services - Child Study Team	422,020	38,256	460,276	456,035	4,241
Improvement of Instructional Services:					
Salary of Supervisor of Instruction	26,450		26,450	26,450	
Salary of Secretary and Clerical Assistant	46,350	45	46,395	46,395	
Purchased Professional and Educational Services	41,849	(600)	41,249	11,595	29,654
Other Purchased Professional and Technical Services	69,000	600	69,600	69,600	
Supplies and Materials	500		500	500	
Other Objects	500		500	404	96
Total Improvement of Instructional Services	184,649	45	184,694	154,944	29,750
Educational Media Services/School Library:					
Salaries	85,482		85,482	82,427	3,055
Supplies and Materials	7,000	(1,523)	5,477	2,804	2,673
Total Educational Media Services/School Library	92,482	(1,523)	90,959	85,231	5,728

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	\$ 3,000		\$ 3,000	\$ 1,195	\$ 1,805
Purchased Professional and Educational Services	52,000		52,000	36,604	15,396
Total Instructional Staff Training Services	55,000		55,000	37,799	17,201
Support Services - General Administration:					
Salaries	243,769	\$ 6,526	250,295	228,275	22,020
Legal Services	15,000	29,200	44,200	40,158	4,042
Audit Fees	18,000		18,000	18,000	
Architectural / Engineering Services	2,500	(2,500)			
Other Purchased Professional Services	16,500	12,974	29,474	29,474	
Purchased Technical Services	18,000		18,000	16,850	1,150
Communications/Telephone	17,000	(3,622)	13,378	13,378	
BOE Other Purchased Services	10,000	(2,354)	7,646	6,189	1,457
Miscellaneous Purchased Services (400-500 series)	5,000	5,000	10,000	8,777	1,223
General Supplies	8,500	(4,172)	4,328	4,328	
Miscellaneous Expenditures	9,000	(5,000)	4,000	1,791	2,209
BOE Membership Dues and Fees	5,500		5,500	5,483	17
Total Support Services - General Administration	368,769	36,052	404,821	372,703	32,118
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	116,000		116,000	116,000	
Salaries of Secretarial and Clerical Assistants		21	21	21	
Purchased Professional and Technical Services	14,000	3,122	17,122	17,100	22
Other Purchased Services	500		500	500	
Supplies and Materials	6,000		6,000	6,000	
Other Objects	3,065		3,065	2,550	515
Total Support Services - School Administration	139,565	3,143	142,708	141,671	1,037

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 167,602	\$ 9,240	\$ 176,842	\$ 176,842	
Purchased Technical Services	15,000		15,000	15,000	
Other Purchased Services	5,000	(2,407)	2,593	1,000	\$ 1,593
Supplies & Materials	11,250	(6,833)	4,417	4,417	
Miscellaneous Expenditures	7,000		7,000	1,119	5,881
Total Central Services	205,852		205,852	198,378	7,474
Administrative Information Technology Services:					
Purchased Technical Services	6,000	12,950	18,950	18,715	235
Supplies & Materials	4,000		4,000	3,744	256
Total Administrative Information Technology Services	10,000	12,950	22,950	22,459	491
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	112,000		112,000	60,990	51,010
General Supplies	23,000		23,000	3,349	19,651
Total Required Maintenance for School Facilities	135,000		135,000	64,339	70,661
Custodial Services:					
Salaries	316,219	21,781	338,000	338,000	
Salaries of Non-Instructional Aides	66,574		66,574	63,117	3,457
Cleaning, Repair, and Maintenance	15,000		15,000	13,249	1,751
Lease Purchase Payments- Energy Savings Improvement Program	15,000	(15,000)			
Other Purchased Property Services	33,000		33,000	29,825	3,175
Insurance	96,000		96,000	96,000	
General Supplies	40,000		40,000	39,764	236
Energy (Natural Gas)	53,000		53,000	34,335	18,665
Energy (Electricity)	85,000	15,000	100,000	79,467	20,533
Other Objects	10,000		10,000	10,000	
Total Custodial Services	729,793	21,781	751,574	693,757	57,817

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	\$ 15,000	\$	15,000	\$ 11,378	\$ 3,622
General Supplies	2,500		2,500	1,597	903
Other Objects	500	(500)			
Total Care and Upkeep of Grounds	18,000	(500)	17,500	12,975	4,525
Operation and Maintenance of Plant Services:					
Other Objects		500	500	261	239
Total Operation and Maintenance of Plant Services		500	500	261	239
Student Transportation Services:					
Contracted Services - Aid in Lieu Payments- Non-public Schools	20,000		20,000	4,458	15,542
Contracted Services - (Other than Between Home and School) - Vendors	12,000		12,000	6,270	5,730
Contracted Services - (Special Ed Students) - Vendors	61,000		61,000	30,919	30,081
Misc. Purchased Services - Transportation	10,000		10,000	1,218	8,782
Total Student Transportation Services	103,000		103,000	42,865	60,135
Unallocated Benefits:					
Social Security Contributions	92,000	9,577	101,577	101,577	
Other Retirement Contributions - PERS	118,000	(7,577)	110,423	102,249	8,174
Unemployment Compensation	18,500		18,500	17,540	960
Workmen's Compensation	67,000		67,000	33,230	33,770
Health Benefits	1,410,967	(50,370)	1,360,597	1,239,240	121,357
Tuition Reimbursement	15,000		15,000	3,142	11,858
Other Employee Benefits	9,000	1,000	10,000	10,000	
Total Unallocated Benefits	1,730,467	(47,370)	1,683,097	1,506,978	176,119

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
On-Behalf Contributions:					
TPAF Pension Contributions (Non-Budgeted)				\$ 879,700	\$ (879,700)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				332,202	(332,202)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				15,768	(15,768)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				920	(920)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				294,017	(294,017)
Total On-Behalf Contributions				1,522,607	(1,522,607)
Total Undistributed Expenditures	\$ 5,149,573	\$ 73,425	\$ 5,222,998	6,058,389	(835,391)
Total Expenditures - Current Expense	9,349,381	103,183	9,452,564	10,001,508	(548,944)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Grades 1-5	25,000		25,000		25,000
Grades 6-8	30,000		30,000		30,000
Required Maintenance for School Facilities	270,000		270,000	258,473	11,527
Total Equipment	325,000		325,000	258,473	66,527
Facilities Acquisition and Construction Services:					
Assessment for Debt Service- SDA Funding	4,243		4,243	4,243	
Total Facilities Acquisition and Construction Services	4,243		4,243	4,243	
Total Capital Outlay	329,243		329,243	262,716	66,527

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Total Expenditures	\$ 9,678,624	\$ 103,183	\$ 9,781,807	\$ 10,264,224	\$ (482,417)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(242,865)	(103,183)	(346,048)	845,793	1,191,841
Other Financing Sources:					
Transfers In:					
Debt Service Fund				1,259	1,259
Total Other Financing Sources				1,259	1,259
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(242,865)	(103,183)	(346,048)	847,052	1,193,100
Fund Balance, July 1	2,015,928		2,015,928	2,015,928	
Fund Balance, June 30	\$ 1,773,063	\$ (103,183)	\$ 1,669,880	\$ 2,862,980	\$ 1,193,100
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 2,045,742	
Capital Reserve				50,000	
Emergency Reserve				125,000	
Excess Surplus - 2021-2022				196,499	
Excess Surplus - 2020-2021					
Assigned Fund Balance:					
For Subsequent Year's Expenditures				72,797	
Year End Encumbrances				8,248	
Unassigned Fund Balance				364,694	
				<u>2,862,980</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				(28,303)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,834,677</u>	

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 76,596		\$ 76,596	\$ 76,596	
Total Revenues	76,596		76,596	76,596	
EXPENDITURES:					
Instruction	76,596		76,596	76,596	
Tuition	76,596		76,596	76,596	
Total Expenditures	76,596		76,596	76,596	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE 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	\$ 11,110,017	\$ 76,596
Difference - Budget to GAAP:		
Prior year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	25,899	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(28,303)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 11,107,613	\$ 76,596
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,264,224	\$ 76,596
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 10,264,224	\$ 76,596

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ending June 30, 2020, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

SPECIAL REVENUE FUND

HAWORTH BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>IDEA Part B, Basic</u>	<u>IDEA Part B, Preschool</u>	<u>Totals</u>
REVENUE:			
Federal Sources	\$ 74,952	\$ 1,644	\$ 76,596
Total Revenue	<u>74,952</u>	<u>1,644</u>	<u>76,596</u>
EXPENDITURES:			
Instruction:			
Tuition	<u>74,952</u>	<u>1,644</u>	<u>76,596</u>
Total Instruction	<u>74,952</u>	<u>1,644</u>	<u>76,596</u>
Total Expenditures	<u><u>\$ 74,952</u></u>	<u><u>\$ 1,644</u></u>	<u><u>\$ 76,596</u></u>

CAPITAL PROJECTS FUND

HAWORTH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Revenue and Other Financing Sources:	
Investment Income	\$ 338
	<hr/>
Total Revenues and Other Financing Sources	338
	<hr/>
Other Financing Uses:	
Transfers Out:	
Transfer to Debt Service Fund	338
	<hr/>
Total Other Financing Uses	338
	<hr/>
Fund Balance - Beginning Balance	-0-
	<hr/>
Fund Balance - Ending Balance	\$ -0-
	<hr/> <hr/>

PROPRIETARY FUNDS

HAWORTH BOARD OF EDUCATION
AFTERCARE PROGRAM ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 127,120
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Total Current Assets	<u>127,120</u>
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Total Assets	<u>127,120</u>
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LIABILITIES:

Current Liabilities:

Interfund Payable	2,555
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Accounts Payable	<u>1,668</u>
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Total Liabilities	<u>4,223</u>
-------------------	--------------

NET POSITION:

Unrestricted	<u>122,897</u>
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Total Net Position	<u><u>\$ 122,897</u></u>
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HAWORTH BOARD OF EDUCATION
AFTERCARE PROGRAM ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenue:	
Charges for Services:	
Program Fees	\$ 61,863
Total Operating Revenue	<u>61,863</u>
Operating Expenses:	
Salaries and Payroll Taxes	45,561
General Supplies	<u>10,082</u>
Total Operating Expenses	<u>55,643</u>
Operating Income	<u>6,220</u>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	<u>2,072</u>
Total Non-Operating Revenue	<u>2,072</u>
Change in Net Position	8,292
Net Position - Beginning of Year	<u>114,605</u>
Net Position - End of Year	<u><u>\$ 122,897</u></u>

HAWORTH BOARD OF EDUCATION
AFTERCARE PROGRAM ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 61,863
Payments to Employees	(45,561)
Payments to Suppliers	(8,414)
	<hr/>
Net Cash Provided by Operating Activities	7,888
	<hr/>
Cash Flows from Investing Activities:	
Interest Revenue	2,072
	<hr/>
Net Cash Provided by Investing Activities	2,072
	<hr/>
Net Increase in Cash and Cash Equivalents	9,960
Cash and Cash Equivalents, July 1	117,160
	<hr/>
Cash and Cash Equivalents, June 30	\$ 127,120
	<hr/> <hr/>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 6,220
Adjustment to Reconcile Operating Income to Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	1,668
	<hr/>
Net Cash Provided by Operating Activities	\$ 7,888
	<hr/> <hr/>

FIDUCIARY FUNDS

HA WORTH BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Payroll</u>	<u>Agency Student Activities</u>	<u>Total Agency</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 127,190	\$ 28,309	\$ 155,499	\$ 14,895
Total Assets	127,190	28,309	155,499	14,895
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	121,840		121,840	
Interfund Payable - General Fund	5,350		5,350	
Due to Student Groups		28,309	28,309	
Total Liabilities	127,190	28,309	155,499	
<u>NET POSITION:</u>				
Held in Trust for Flexible Spending Claims				14,895
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 14,895

HAWORTH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Flexible Spending Trust
Additions:	
Contributions:	
Plan Contributions	\$ 18,733
Total Additions	18,733
Deductions:	
Flexible Spending Claims	13,164
Total Deductions	13,164
Change in Net Position	5,569
Net Position - Beginning of the Year	9,326
Net Position - End of the Year	\$ 14,895

HAWORTH BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 15,664	\$ 43,392	\$ 30,747	\$ 28,309
Total Assets	<u>\$ 15,664</u>	<u>\$ 43,392</u>	<u>\$ 30,747</u>	<u>\$ 28,309</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 15,664	\$ 43,392	\$ 30,747	\$ 28,309
Total Liabilities	<u>\$ 15,664</u>	<u>\$ 43,392</u>	<u>\$ 30,747</u>	<u>\$ 28,309</u>

HAWORTH BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

<u>Schools</u>	<u>Balance June 30, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
Haworth Elementary School	\$ 15,664	\$ 43,392	\$ 30,747	\$ 28,309
	<u>\$ 15,664</u>	<u>\$ 43,392</u>	<u>\$ 30,747</u>	<u>\$ 28,309</u>

HAWORTH BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 74,619	\$ 6,060,552	\$ 6,007,981	\$ 127,190
Total Assets	<u>\$ 74,619</u>	<u>\$ 6,060,552</u>	<u>\$ 6,007,981</u>	<u>\$ 127,190</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 69,269	\$ 6,060,552	\$ 6,007,981	\$ 121,840
Interfund Payable - General Fund	<u>5,350</u>	<u></u>	<u></u>	<u>5,350</u>
Total Liabilities	<u>\$ 74,619</u>	<u>\$ 6,060,552</u>	<u>\$ 6,007,981</u>	<u>\$ 127,190</u>

LONG-TERM DEBT

HAWORTH BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Balance June 30, 2019	Matured	Balance June 30, 2020
School Improvements	8/15/2004	\$ 2,682,000	\$ 247,000	\$ 247,000	
			\$ 247,000	\$ 247,000	\$ -0-

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 250,803		\$ 250,803	\$ 250,803	
Total Revenue	250,803		250,803	250,803	
EXPENDITURES:					
Regular Debt Service:					
Interest - Bonds	4,940		4,940	4,940	
Redemption of Principal - Bonds	247,000		247,000	247,000	
Total Regular Debt Service	251,940		251,940	251,940	
Total Expenditures	251,940		251,940	251,940	
Deficiency of Revenue (Under) Expenditures	(1,137)		(1,137)	(1,137)	
Other Financing Sources/(Uses):					
Transfer Out:					
General Fund				(1,259)	\$ (1,259)
Transfer In:					
Interest Earned in Capital Projects Fund				338	338
Total Other Financing Sources/(Uses)				(921)	(921)
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,137)		(1,137)	(2,058)	(921)
Fund Balance, July 1	2,058		2,058	2,058	
Fund Balance/(Deficit), June 30	\$ 921	\$ -0-	\$ 921	\$ -0-	\$ (921)

STATISTICAL SECTION
(UNAUDITED)

This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District’s overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru 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 thru 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 and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

HAWORTH BOARD OF EDUCATION
NET ASSETS BY COMPONENT,
LAST TEN FISCAL YEARS
 UNAUDITED
 (accrual basis of accounting)

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 2,780,153	\$ 3,364,587	\$ 4,710,078	\$ 5,968,195	\$ 6,943,345	\$ 8,138,466	\$ 8,449,112	\$ 8,742,950	\$ 9,493,326	\$ 9,768,218
Restricted	555,824	1,357,228	1,607,876	1,041,364	660,167	1,331,391	1,753,425	1,714,042	1,586,794	2,417,241
Unrestricted/(Deficit)	139,056	140,548	118,509	(641,392)	(15,093)	(1,206,558)	(1,640,249)	(1,876,570)	(1,916,318)	(2,015,048)
Total Governmental Activities Net Position	\$ 3,475,033	\$ 4,862,362	\$ 6,436,463	\$ 6,368,167	\$ 7,588,419	\$ 8,263,299	\$ 8,562,288	\$ 8,580,422	\$ 9,163,802	\$ 10,170,411
Business-Type Activities										
Unrestricted	\$ 8,047	\$ 14,691	\$ 34,889	\$ 22,533	\$ 33,675	\$ 55,204	\$ 79,630	\$ 100,203	\$ 114,605	\$ 122,897
Total Business-Type Activities Net Position	\$ 8,047	\$ 14,691	\$ 34,889	\$ 22,533	\$ 33,675	\$ 55,204	\$ 79,630	\$ 100,203	\$ 114,605	\$ 122,897
District-Wide										
Net Investment in Capital Assets	\$ 2,780,153	\$ 3,364,587	\$ 4,710,078	\$ 5,968,195	\$ 6,943,345	\$ 8,138,466	\$ 8,449,112	\$ 8,742,950	\$ 9,493,326	\$ 9,768,218
Restricted	555,824	1,357,228	1,607,876	1,041,364	660,167	1,331,391	1,753,425	1,714,042	1,586,794	2,417,241
Unrestricted/(Deficit)	147,103	155,238	153,398	(618,859)	18,582	(1,151,354)	(1,560,619)	(1,776,367)	(1,801,713)	(1,892,151)
Total District-Wide Net Position	\$ 3,483,080	\$ 4,877,053	\$ 6,471,352	\$ 6,390,700	\$ 7,622,094	\$ 8,318,503	\$ 8,641,918	\$ 8,680,625	\$ 9,278,407	\$ 10,293,308

Source: School District Financial Reports

HAWORTH BOARD OF EDUCATION
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction:										
Regular	\$ 3,814,522	\$ 3,879,062	\$ 3,906,058	\$ 3,923,628	\$ 4,980,945	\$ 5,430,627	\$ 6,407,853	\$ 6,465,551	\$ 5,659,259	\$ 5,312,029
Special Education	578,444	711,441	810,721	758,441	923,705	972,945	1,146,732	1,405,268	1,115,232	953,451
Other Instruction	172,128	191,061	231,894	219,615	256,156	277,702	197,640	210,511	709,096	749,879
Support Services:										
Tuition	246,636	322,790	359,741	440,516	257,840	259,668	388,094	544,940	528,491	420,706
Student & Instruction Related Services	1,177,881	1,128,282	1,234,213	1,286,442	1,366,370	1,560,594	1,792,492	1,803,943	1,394,347	1,287,723
General Administrative Services	328,274	511,427	565,759	351,255	350,864	365,582	376,497	470,174	510,087	481,293
School Administrative Services	229,362	286,258	268,198	234,090	265,121	332,214	237,453	226,257	194,316	194,119
Central Services				188,940	177,031	233,025	334,518	305,185	306,548	271,909
Administrative Technology Services				23,392	43,156	44,107	37,201	94,582	9,922	22,459
Plant Operations And Maintenance	964,573	812,855	799,938	834,823	844,668	876,764	902,058	1,043,945	1,037,278	938,792
Pupil Transportation	101,182	92,217	88,628	78,796	54,697	57,030	89,042	102,601	108,512	42,865
Business and Other Support Services	261,517									
Special Schools				20,460						
Interest On Long-Term Debt	195,735	164,643	147,093	134,971	148,173	87,922	66,380	43,495	21,184	9,183
Capital Outlay		3,091	4,243	4,243	33,843	113,594	4,243	24,243		
Unallocated Depreciation	61,718									
Total Governmental Activities Expenses	<u>\$ 8,131,971</u>	<u>\$ 8,103,126</u>	<u>\$ 8,416,486</u>	<u>\$ 8,499,612</u>	<u>\$ 9,702,569</u>	<u>\$ 10,611,774</u>	<u>\$ 11,980,203</u>	<u>\$ 12,740,695</u>	<u>\$ 11,594,272</u>	<u>\$ 10,684,408</u>
Business-Type Activities:										
Afterschool Program	\$ 72,184	\$ 35,606	\$ 25,529	\$ 43,256	\$ 28,137	\$ 32,896	\$ 43,668	\$ 68,386	\$ 78,895	\$ 55,643
Total Business-Type Activities Expenses	<u>\$ 72,184</u>	<u>\$ 35,606</u>	<u>\$ 25,529</u>	<u>\$ 43,256</u>	<u>\$ 28,137</u>	<u>\$ 32,896</u>	<u>\$ 43,668</u>	<u>\$ 68,386</u>	<u>\$ 78,895</u>	<u>\$ 55,643</u>
Total District Expenses	<u>\$ 8,204,155</u>	<u>\$ 8,138,732</u>	<u>\$ 8,442,015</u>	<u>\$ 8,542,868</u>	<u>\$ 9,730,706</u>	<u>\$ 10,644,670</u>	<u>\$ 12,023,871</u>	<u>\$ 12,809,081</u>	<u>\$ 11,673,167</u>	<u>\$ 10,740,051</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Interest on Long-Term Debt	\$ 704,533	\$ 92,233	\$ 58,033	\$ 1,010,506	\$ 2,045,127	\$ 2,439,317	\$ 3,296,181	\$ 3,583,493	\$ 2,796,294	\$ 2,294,428
Operating Grants and Contributions		1,016,390	1,247,284							
Total Governmental Activities Program Revenues	<u>\$ 704,533</u>	<u>\$ 1,108,623</u>	<u>\$ 1,305,317</u>	<u>\$ 1,010,506</u>	<u>\$ 2,045,127</u>	<u>\$ 2,439,317</u>	<u>\$ 3,296,181</u>	<u>\$ 3,583,493</u>	<u>\$ 2,796,294</u>	<u>\$ 2,294,428</u>

HAWORTH BOARD OF EDUCATION
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED
(accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-Type Activities:										
Charges For Services		\$ 8,292	\$ 45,670	\$ 30,840	\$ 39,215	\$ 54,325	\$ 67,836	\$ 87,635	\$ 90,700	\$ 61,863
Operating Grants and Contributions		33,940								
Total Business Type Activities Program Revenues		\$ 42,232	\$ 45,670	\$ 30,840	\$ 39,215	\$ 54,325	\$ 67,836	\$ 87,635	\$ 90,700	\$ 61,863
Total District Program Revenues	\$ 704,533	\$ 1,150,855	\$ 1,350,987	\$ 1,041,346	\$ 2,084,342	\$ 2,493,642	\$ 3,364,017	\$ 2,382,063	\$ 2,385,128	\$ 61,863
Net (Expenses)/Revenue										
Governmental Activities	\$ (7,427,439)	\$ (6,994,303)	\$ (7,111,169)	\$ (7,489,106)	\$ (7,657,442)	\$ (8,172,457)	\$ (8,684,022)	\$ (9,157,202)	\$ (8,797,978)	\$ (8,389,980)
Business-Type Activities	(72,184)	6,626	20,141	(12,416)	11,078	21,429	24,168	19,249	11,805	6,220
Total District-Wide Net Expense	\$ (7,499,622)	\$ (6,987,677)	\$ (7,091,027)	\$ (7,501,522)	\$ (7,646,364)	\$ (8,151,028)	\$ (8,659,854)	\$ (9,137,953)	\$ (8,786,173)	\$ (8,383,760)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 7,448,601	\$ 7,597,573	\$ 7,749,524	\$ 7,902,965	\$ 8,059,443	\$ 8,219,020	\$ 8,381,757	\$ 8,549,392	\$ 8,720,371	\$ 9,061,991
Taxes Levied for Debt Service	559,968	450,621	467,286	546,693	529,964	538,231	516,315	497,040	480,611	250,803
Federal and State Aid not Restricted	111,315	40,804	6,150	221,028	240,742	80,859	76,883	73,528	71,416	
Investment Earnings		2,197	3,804					11,376	25,332	19,334
Miscellaneous Income	14,698	61,347	68,235	13,756	47,545	9,227	8,056	44,000	83,628	64,461
Adjustment to Capital Assets			584,273							
N.J. Economic Development Authority Grants		246,552								
Total Governmental Activities	\$ 8,134,582	\$ 8,399,094	\$ 8,879,272	\$ 8,684,442	\$ 8,877,694	\$ 8,847,337	\$ 8,983,011	\$ 9,175,336	\$ 9,381,358	\$ 9,396,589
Business-Type Activities:										
Investment Earnings		17	57	60	64	100	258	1,324	2,597	2,072
Miscellaneous	41,558									
Total Business-Type Activities	\$ 41,558	\$ 17	\$ 57	\$ 60	\$ 64	\$ 100	\$ 258	\$ 1,324	\$ 2,597	\$ 2,072
Total District-Wide	\$ 8,176,140	\$ 8,399,111	\$ 8,879,329	\$ 8,684,502	\$ 8,877,758	\$ 8,847,437	\$ 8,983,269	\$ 9,176,660	\$ 9,383,955	\$ 9,398,661
Change in Net Position:										
Governmental Activities	\$ 707,144	\$ 1,404,591	\$ 1,768,103	\$ 1,195,336	\$ 1,220,252	\$ 674,880	\$ 298,989	\$ 18,134	\$ 583,380	\$ 1,006,609
Business-Type Activities	(30,626)	6,644	20,198	(12,356)	11,142	21,529	24,426	20,573	14,402	8,292
Total District	\$ 676,518	\$ 1,411,235	\$ 1,788,302	\$ 1,182,980	\$ 1,231,394	\$ 696,409	\$ 323,415	\$ 38,707	\$ 597,782	\$ 1,014,901

Source: School District Financial Reports

HA WORTH BOARD OF EDUCATION
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 UNAUDITED
 (modified accrual basis of accounting)

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	
General Fund										
Restricted	\$ 555,824	\$ 779,865	\$ 1,453,729	\$ 833,623	\$ 459,801	\$ 1,329,562	\$ 1,752,300	\$ 1,728,495	\$ 2,417,241	
Assigned	250,000	50,000	117,651	471,981	559,147	1,050		32,644	81,045	
Unassigned		244,035	250,000	249,559	269,442	308,635	244,478	246,229	336,391	
Total General Fund	\$ 805,824	\$ 1,073,900	\$ 1,821,380	\$ 1,555,163	\$ 1,288,390	\$ 1,639,247	\$ 1,996,778	\$ 2,007,368	\$ 2,834,677	
All Other Governmental Funds										
Restricted, Reported In:										
Capital Projects Fund		\$ 286,894	\$ 23,499	\$ 190,627	\$ 198,769					
Debt Service Fund	\$ 37,318	37,648	16,779	17,114	1,597	\$ 1,829	\$ 1,125	\$ 1,137		
Committed, Reported In:										
Capital Projects Fund		312,837			546,220	28,313	11,505			
Total All Other Governmental Funds	\$ 37,318	\$ 637,379	\$ 40,278	\$ 207,741	\$ 746,586	\$ 30,142	\$ 12,630	\$ 1,137	\$ -0-	
Total Governmental Funds:										
Restricted	\$ 593,142	\$ 1,104,407	\$ 1,494,007	\$ 1,041,364	\$ 660,167	\$ 1,331,391	\$ 1,753,425	\$ 1,729,632	\$ 2,417,241	
Assigned		362,837	117,651	471,981	1,105,367	29,363	11,505	32,644	81,045	
Unassigned	250,000	244,035	250,000	249,559	269,442	308,635	244,478	246,229	336,391	
Total Governmental Funds:	\$ 843,142	\$ 1,711,279	\$ 1,861,658	\$ 1,762,904	\$ 2,034,976	\$ 1,669,389	\$ 2,009,408	\$ 2,008,505	\$ 2,834,677	

Source: School District Financial Reports

HAWORTH BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Revenues										
Tax Levy	\$ 8,008,569	\$ 8,140,427	\$ 8,274,843	\$ 8,449,658	\$ 8,589,407	\$ 8,757,251	\$ 8,898,072	\$ 9,046,432	\$ 9,312,794	
Interest Earnings-Capital Reserve		2,197	3,804	1,077	500	216	1,802	12,148	19,334	
Miscellaneous	14,698	156,846	83,775	32,679	47,045	9,011	6,254	43,228	64,461	
County Sources	25,000									
State Sources	637,504	848,731	1,143,703	1,119,961	1,314,728	1,338,297	1,426,194	1,561,753	1,962,165	
Federal Sources	153,344	112,964	94,191	91,573	91,197	92,748	89,063	87,127	76,596	
Total Revenue	8,839,115	9,261,165	9,600,316	9,694,948	10,042,877	10,197,523	10,421,385	10,750,688	11,435,350	
Expenditures										
Instruction										
Regular Instruction	2,952,905	2,807,664	2,710,669	2,836,129	2,901,190	3,004,135	3,123,175	3,209,086	3,175,058	
Special Education Instruction	437,080	518,057	599,328	558,069	542,041	531,503	541,511	675,253	560,443	
Other Instruction	131,002	141,706	157,655	155,027	168,237	180,103	118,731	119,481	207,618	
Support Services:										
Tuition	246,636	322,790	359,741	440,516	257,840	259,668	389,655	546,470	420,706	
Student & Instruction Related Services	933,887	848,861	915,970	982,490	1,092,208	1,161,229	1,208,511	1,228,489	1,135,286	
General Administrative Services	274,012	430,440	454,553	318,864	298,418	293,274	287,356	349,796	372,703	
School Administrative Services	178,649	213,882	193,340	174,416	211,154	244,320	150,361	147,321	141,671	
Central Services				161,308	157,710	185,482	231,123	199,243	198,378	
Administrative Information Technology				23,392	37,809	35,301	28,759	64,552	22,459	
Plant Operations And Maintenance	813,933	747,854	739,207	727,687	771,955	752,590	739,845	840,363	771,332	
Pupil Transportation	85,380	92,217	88,628	78,796	54,697	57,030	89,042	102,601	42,865	
Other Support Services	213,609									
Unallocated Benefits	1,608,285	1,676,739	1,913,698	1,774,072	1,960,340	2,254,843	2,558,116	2,673,165	3,029,585	
Special Schools				15,029						
Capital Outlay				914,558						
Debt service:										
Principal	12,315	221,015	435,020	687,201	687,201	983,877	21,051	24,243	262,716	
Interest And Other Charges	623,652	443,768	481,017	498,378	515,000	525,000	520,000	520,000	247,000	
		171,496	154,560	134,971	115,005	94,755	74,130	51,328	4,940	
Total Expenditures	8,511,345	8,636,489	9,203,385	9,793,702	9,770,805	10,563,110	10,081,366	10,751,591	10,592,760	
Excess (Deficiency) Of Revenues Over (Under) Expenditures	327,770	624,675	396,931	(98,754)	272,072	(365,587)	340,019	(903)	842,590	

HAWORTH BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

UNAUDITED
(modified accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Other Financing Sources (Uses)										
N.J. Economic Development Authority Grants		\$ 246,552								
Debt Service Assessment		(3,091)								
Transfers In		370,159	\$ 329	\$ 750,665	\$ 1,341,503	\$ 551,691	\$ 228	\$ 12,277	\$ 1,597	
Transfers Out		(370,159)	(329)	(750,665)	(1,341,503)	(551,691)	(228)	(12,277)	(1,597)	
Total Other Financing Sources (Uses)		243,461								
Net Change In Fund Balances	\$ 327,770	\$ 868,136	\$ 396,931	\$ (98,754)	\$ 272,072	\$ (365,587)	\$ 340,019	\$ (903)	\$ 842,590	
Debt Service As A Percentage Of Noncapital Expenditures	7.34%	7.31%	7.25%	6.47%	6.94%	6.43%	5.87%	5.30%	2.42%	

Source: School District Financial Reports

HAWORTH BOARD OF EDUCATION
OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Rentals</u>	<u>Other</u>	<u>Total</u>
2011	\$ 7,327	\$ 1,108	\$ 6,263	\$ 14,698
2012	1,751		33,311	35,062
2013	3,475		68,235	71,710
2014	1,077		12,014	13,091
2015	2,758		23,855	26,613
2016	216		8,114	8,330
2017	1,802		6,026	7,828
2018	24,896		29,708	54,604
2019	46,354		61,020	107,374
2020	38,673		44,784	83,457

Source: Haworth Board of Education records

HAWORTH BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land		Residential		Commercial		Total Assessed Value		Tax-Exempt Property		Public Utilities ^a		Net Valuation Taxable		Total Direct School Tax Rate ^b		Estimated Actual (County Equalized Value)	
2010	\$ 14,816,600		\$ 677,484,000		\$ 78,483,600		\$ 770,784,200					\$ 323,307		\$ 771,107,507	\$	0.98	\$	998,534,689
2011	14,497,100		683,091,200		98,935,300		796,523,600					534,748		797,058,348		1.01		1,047,745,035
2012	14,802,000		683,084,200		97,551,200		795,437,400					507,416		795,944,816		1.03		1,036,587,284
2013	15,354,600		681,765,000		97,638,300		794,757,900					577,488		795,335,388		1.05		988,226,052
2014	15,027,000		683,331,400		94,794,900		793,153,300					571,705		793,725,005		1.07		927,314,313
2015	13,886,600		684,502,500		92,027,800		790,416,900	\$ 73,545,200				572,378		790,989,278		1.06		947,007,450
2016	12,288,800		688,316,600		91,150,400		791,755,800	75,473,000				581,033		792,336,833		1.15		938,535,971
2017	12,100,500		691,773,000		91,150,400		795,023,900	76,290,500				613,996		795,637,896		1.13		918,832,229
2018	12,041,100		699,524,400		91,125,400		802,690,900	76,210,800				584,214		803,275,114		1.14		937,029,912
2019	11,304,000		703,395,900		91,125,400		805,825,300	76,210,800				589,249		806,414,549		1.15		935,150,231

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 ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Year Ended December 31,	Haworth Board of Education Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Haworth	Regional High School	Bergen County	
2010	\$ 0.96	\$ 0.02	\$ 0.98	\$ 0.69	\$ 0.52	\$ 0.26	\$ 2.45
2011	0.98	0.03	1.01	0.69	0.57	0.27	2.55
2012	1.00	0.03	1.03	0.70	0.62	0.29	2.64
2013	0.97	0.08	1.05	0.70	0.66	0.29	2.70
2014	1.00	0.07	1.07	0.71	0.69	0.27	2.74
2015	1.00	0.07	1.06	0.73	0.72	0.28	2.79
2016	1.08	0.07	1.15	0.76	0.72	0.28	2.91
2017	1.07	0.06	1.13	0.77	0.69	0.29	2.88
2018	1.08	0.06	1.14	0.77	0.67	0.29	2.86
2019	1.12	0.03	1.15	0.78	0.69	0.28	2.91

Source: Municipal Tax Collector and School Business Administrator

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 calculation.

^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.

HAWORTH BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2020		2011			
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer		Taxable Assessed Value
United Water NJ		\$ 51,789,000	6.45%	N/A	N/A	N/A
Haworth Country Club LLC		10,501,900	1.31%	N/A	N/A	N/A
White Beeches Golf & Country Club		7,806,700	1.31%	N/A	N/A	N/A
Haworth Country Club LLC		7,498,100	0.93%	N/A	N/A	N/A
Individual Taxpayer #1		2,207,500	0.68%	N/A	N/A	N/A
White Beeches Realty Corp.		1,693,300	0.28%	N/A	N/A	N/A
Individual Taxpayer #2		1,638,500	0.20%	N/A	N/A	N/A
Individual Taxpayer #3		1,564,600	0.19%	N/A	N/A	N/A
Individual Taxpayer #4		1,553,800	0.19%	N/A	N/A	N/A
Individual Taxpayer #5		1,534,600	0.19%	N/A	N/A	N/A
Total		\$ 87,788,000	11.73%			

N/A - Information not available
 Source: Municipal Tax Assessor

HAWORTH BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 8,008,569	\$ 8,008,569	100.00%	\$ -0-
2012	8,140,427	8,140,427	100.00%	-0-
2013	8,274,843	8,274,843	100.00%	-0-
2014	8,449,658	8,449,658	100.00%	-0-
2015	8,589,407	8,589,407	100.00%	-0-
2016	8,757,251	8,757,251	100.00%	-0-
2017	8,898,072	8,898,072	100.00%	-0-
2018	9,046,432	9,046,432	100.00%	-0-
2019	9,200,982	9,200,982	100.00%	-0-
2020	9,312,794	8,381,515	90.00%	931,279

Source: Haworth Board of Education 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.

HAWORTH BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	School Facilities Loans			
2011	\$ 4,077,000	\$ 198,164	\$ 4,275,164	2.08%	\$ 1,256
2012	3,697,000	134,395	3,831,395	1.56%	1,127
2013	3,282,000	68,378	3,350,378	1.67%	981
2014	2,852,000		2,852,000	1.12%	835
2015	2,337,000		2,337,000	0.88%	684
2016	1,812,000		1,812,000	0.67%	531
2017	1,292,000		1,292,000	0.46%	377
2018	772,000		772,000	0.26%	226
2019	247,000		247,000	0.08%	73
2020	-0-		-0-	-0-	-0-

Source: School District Financial Reports

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

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

HAWORTH BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2011	\$ 4,077,000	\$ 4,077,000	0.51%	\$ 1,198
2012	3,697,000	3,697,000	0.46%	1,087
2013	3,282,000	3,282,000	0.41%	961
2014	2,852,000	2,852,000	0.36%	835
2015	2,337,000	2,337,000	0.29%	684
2016	1,812,000	1,812,000	0.23%	531
2017	1,292,000	1,292,000	0.16%	377
2018	772,000	772,000	0.10%	226
2019	247,000	247,000	0.03%	73
2020	-0-	-0-	0.00%	-0-

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

HAWORTH BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Haworth	\$ 6,818,195	100.00%	\$ 6,818,195
Bergen County General Obligation Debt (Borough Share)	855,378,427	0.50%	4,280,784
Northern Valley Regional High School District	14,272,000	100.00%	14,272,000
Other Debt:			
Bergen County Utilities Authority (Water Pollution)	121,393,732	0.57%	694,008
Subtotal, Overlapping Debt			26,064,987
Haworth School District Direct Debt			-0-
Total Direct And Overlapping Debt			<u>\$26,064,987</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 Haworth. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

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

HAWORTH BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized valuation basis	
2019	\$ 935,374,695
2018	930,116,918
2017	926,709,290
	<u>\$2,792,200,903</u>

Average Equalized Valuation of Taxable Property	\$ 930,733,634
Debt Limit (3% of average equalization value)	27,922,009
Net Bonded School Debt	-0-
Legal Debt Margin	<u>\$ 27,922,009</u>

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 30,524,912	\$ 31,012,103	\$ 30,688,923	\$ 29,516,698	\$ 28,640,660
Total Net Debt Applicable to Limit	<u>4,275,164</u>	<u>3,831,395</u>	<u>3,350,378</u>	<u>2,852,000</u>	<u>2,337,000</u>
Legal Debt Margin	<u>\$ 26,249,748</u>	<u>\$ 27,180,708</u>	<u>\$ 27,338,545</u>	<u>\$ 26,664,698</u>	<u>\$ 26,303,660</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	14.01%	12.35%	10.92%	9.66%	8.16%

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 28,120,737	\$ 27,980,115	\$ 27,758,593	\$ 27,704,609	\$ 27,922,009
Total Net Debt Applicable to Limit	<u>1,812,000</u>	<u>1,292,000</u>	<u>772,000</u>	<u>247,000</u>	<u>-</u>
Legal Debt Margin	<u>\$ 26,308,737</u>	<u>\$ 26,688,115</u>	<u>\$ 26,986,593</u>	<u>\$ 27,457,609</u>	<u>\$ 27,922,009</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	6.44%	4.62%	2.78%	0.89%	0.00%

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

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

HAWORTH BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income (thousands of dollars) ^b	Bergen County Per Capita Personal Income ^c	Unemployment Rate ^d
2011	3,404	\$ 205,371,003	\$ 69,053	4.80%
2012	3,401	245,388,952	72,152	8.00%
2013	3,416	200,653,335	71,679	11.30%
2014	3,415	254,253,580	74,452	4.00%
2015	3,417	265,384,722	77,666	3.30%
2016	3,414	270,201,030	79,145	3.10%
2017	3,430	279,486,690	81,483	2.70%
2018	3,414	293,436,714	85,951	2.40%
2019	3,393	291,631,743 ***	85,951 *	2.30%
2020	3,393 **	291,631,743 ***	85,951 *	N/A

* - Latest Bergen County per capita personal income available (2018) was used for calculation purposes.

** - Latest population data available (2019) was used for calculation purposes.

*** - Latest population data available (2019) and latest available Bergen County per capita personal income (2018) was used for calculation purposes.

N/A - Not Available

Source: School District Reports

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 by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

HAWORTH BOARD OF EDUCATION
PRINCIPAL EMPLOYERS, BERGEN COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2019		2010		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Hackensack University Medical Center		9,000	N/A	N/A	N/A
Valley Health Systems, Inc		4,660	N/A	N/A	N/A
Bio-Reference Laboratories, Inc.		2,900	N/A	N/A	N/A
Express Scripts		2,676	N/A	N/A	N/A
County of Bergen		2,390	N/A	N/A	N/A
Quest Diagnostics, Inc.		2,700	N/A	N/A	N/A
KPMG LLP		2,100	N/A	N/A	N/A
Englewood Hospital and Medical Center		2,002	N/A	N/A	N/A
Englewood Home Health Care Services		1,985	N/A	N/A	N/A
Unilever Best Foods		1,900	N/A	N/A	N/A
		<u>32,313</u>		<u>N/A</u>	<u>N/A</u>

N/A - Information not available
Source: Bergen County Economic Development Corporation

HAWORTH BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction:										
Regular	48.0	47.0	47.0	47.0	47.0	48.0	48.0	50.0	50.0	48.0
Special Education	10.0	10.0	10.0	10.0	10.0	11.0	11.0	12.0	12.0	12.0
Support Services:										
Health Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General Administrative Services	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	5.0	5.0
Guidance-Professional/Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Child Study Team/Support	4.0	4.0	4.0	4.0	4.0	5.0	4.5	4.5	5.0	5.0
Plant Operations and Maintenance	1.0	1.0	1.0	1.0	1.0	5.0	5.0	5.0	5.0	5.0
Media Services Technology	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Principal/School Administration	2.0	3.0	3.0	3.0	3.0	2.0	3.0	3.0	3.0	3.0
Total	72.0	72.0	72.0	72.0	72.0	78.0	78.5	81.5	83.0	81.0

Source: District Personnel Records

HAWORTH BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily		% Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) ^c	Attendance (ADA) ^c		
2011	486	\$ 7,709,349	\$15,863	0.25%	48	10:1.1	486	466	-0.21%	95.88%
2012	438	7,800,211	17,809	12.27%	46	9:5.1	439	416	-9.65%	94.72%
2013	436	8,132,788	18,653	4.74%	45	9:3.1	430	417	-2.07%	97.05%
2014	432	8,245,795	19,087	2.33%	45	9:2.1	434	417	0.93%	96.08%
2015	404	8,453,599	20,925	9.63%	45	9:1.1	408	394	-5.99%	96.57%
2016	424	8,959,478	21,131	0.98%	45	9:1.0	424	408	3.92%	96.23%
2017	422	9,466,185	22,432	6.16%	45	9:1.1	422	412	-0.47%	97.63%
2018	404	10,051,002	24,879	10.91%	50	9:1.1	418	411	-0.95%	98.33%
2019	409	10,319,194	25,230	1.41%	51	8:1	407	390	-2.63%	95.82%
2020	398	10,078,104	25,322	0.36%	48	8:1	395	385	-2.95%	97.47%

Source: Haworth Board of Education 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).

^d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil Calculations.

HAWORTH BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Elementary										
Haworth School:										
Square Feet	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230
Capacity (students)	544	544	544	544	544	544	544	544	544	544
Enrollment	486	438	436	432	404	424	422	404	409	398

Number of Schools at June 30, 2020
 Elementary = 1

Source: Haworth Board of Education Facilities Office

Note: Enrollment is based on the annual October district count.

HAWORTH BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures:
 Required Maintenance for School Facilities
 11-000-261-XXX

<u>School Facilities *</u>	<u>Projects #</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Haworth School	N/A	\$ 100,396	\$ 92,264	\$ 118,938	\$ 58,080	\$ 113,898
		<u>\$ 100,396</u>	<u>\$ 92,264</u>	<u>\$ 118,938</u>	<u>\$ 58,080</u>	<u>\$ 113,898</u>
<u>School Facilities *</u>	<u>Projects #</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Haworth School	N/A	\$ 99,340	\$ 122,262	\$ 132,504	\$ 146,324	\$ 64,339
		<u>\$ 99,340</u>	<u>\$ 122,262</u>	<u>\$ 132,504</u>	<u>\$ 146,324</u>	<u>\$ 64,339</u>

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Haworth Board of Education records

HAWORTH BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Selective Insurance Company	Property	\$ 15,423,903	\$ 5,000
	Flood and Earthquake	5,000,000	50,000
	Flood - within Special Flood Hazard Area Zone B Zones A and V	1,000,000	500,000
	Automobile Coverage	1,000,000	1,000
	Comprehensive General Liability	1,000,000	
	Crime (Non-Statutory Bonds) Per Employee Excess	100,000 400,000	5,000
	Boiler and Machinery	15,423,903	5,000
ACE	Environmental	4,000,000 20,000,000 Group Aggregate	15,000
Darwin	Educator's Legal Liability Employment Practices	1,000,000	25,000 50,000
XL	Cyber Liability XL Group Insurance	1,000,000/2,000,000 Each Claim 6,000,000 Group Aggregate	15,000/25,000
Firemen's Fund	Commercial Umbrella - Selective Ins. Co. Excess Umbrella	9,000,000 50,000,000 Group Aggregate	10,000
Safety National	Worker's Compensation Excess Worker's Compensation Employers Liability Each Accident Employers Liability Each Employee Employers Liability Policy Limit	Self Insured - NESBIG Statutory 1,000,000 1,000,000 1,000,000	1,000,000
Selective Insurance Company	Surety Bonds Treasurer of School Monies Board Secretary	200,000 200,000	
AIG	Compulsory Student Accident	1,000,000	
Chubb	Volunteer Accident Policy	250,000	
Bollinger	Voluntary Student Accident (excluding football) Voluntary Dental Accident	500,000 5,000	

Source: Haworth Board of Education records

SINGLE AUDIT SECTION



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

Independent Auditors' Report

The Honorable President and Members of
the Board of Education
Haworth Board of Education
County of Bergen, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the 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 Haworth Borough School District, in the County of Bergen (the "District") as of and for the fiscal 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 17, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 the 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.

The Honorable President and Members of
the Board of Education
Haworth Board of Education
Page 2

Compliance and Other Matters

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

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 District’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 District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 17, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

John J. Mooney

John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant



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Independent Member
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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members of
the Board of Education
Haworth Board of Education
County of Bergen, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Haworth Borough School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2020. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

The Honorable President and Members of
the Board of Education
Haworth Board of Education
Page 2

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

December 17, 2020
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

John J. Mooney

John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor Program Title\Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Budgetary Expenditures	Balance		Due to Grantor 6/30/2020	Amounts Paid to Subrecipients
							Unearned Revenue (Accounts Receivable) 6/30/2019	6/30/2020 Unearned Revenue		
U.S. Department of Education										
Passed-through State Department of Education:										
Special Education Cluster:										
I.D.E.A. Part B, Preschool	84.173	FT-2090-20	7/1/19-9/30/20	\$ 1,644	\$ 1,644	\$ (1,644)				
I.D.E.A. Part B, Basic	84.027	FT-2090-20	7/1/19-9/30/20	86,303	86,303	(74,952)	\$ 11,351			
Total Special Education Cluster					87,947	(76,596)	11,351			
Total Special Revenue/U.S. Department of Education					87,947	(76,596)	11,351			
Total Federal Financial Awards					\$ 87,947	\$ (76,596)	\$ 11,351		\$ -0-	\$ -0-

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

HAWORTH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Balance (Accounts Receivable) 6/30/2019	Cash Received	Budgetary Expenditures	MEMO	
							Balance 6/30/2020	Cumulative Total Expenditures
							GAAP (Accounts Receivable)	Budgetary Receivable
NJ Department of Education:								
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	\$ 154,694			\$ (154,694)	\$ (154,694)	\$ 154,694
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	294,017	\$ 279,489		(294,017)	(14,528)	294,017
TPAF Pension Contributions (non-budgeted)	20-495-034-5094-002	7/1/19-6/30/20	879,700	879,700		(879,700)		879,700
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	20-495-034-5094-001	7/1/19-6/30/20	332,202	332,202		(332,202)		332,202
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	20-495-034-5094-004	7/1/19-6/30/20	15,768	15,768		(15,768)		15,768
TPAF Long Term Liability Insurance (On-Behalf - Non-Budgeted)	20-495-034-5094-004	7/1/19-6/30/20	920	920		(920)		920
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	221,055	199,276		(221,055)	(21,779)	221,055
Categorical Security Aid	20-495-034-5120-084	7/1/19-6/30/20	33,319	30,036		(33,319)	(3,283)	33,319
Categorical Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	30,722	27,695		(30,722)	(3,027)	30,722
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	2,172	1,958		(2,172)	(214)	2,172
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	197,015	19,384	\$ (19,384)			197,015
Categorical Security Aid	19-495-034-5120-084	7/1/18-6/30/19	33,319	3,278	(3,278)			33,319
Categorical Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	30,722	3,023	(3,023)			30,722
Adjustment Aid	19-495-034-5120-085	7/1/18-6/30/19	2,172	214	(214)			2,172
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	143,183	143,183	(143,183)			143,183
Non-Public Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	4,081	4,081	(4,081)			4,081
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	293,143	14,612	(14,612)			293,143
Total General Fund State Aid				1,954,819	(187,775)	(1,964,569)	(197,525)	2,668,204
Total State Awards				\$ 1,954,819	\$ (187,775)	\$ (1,964,569)	\$ (197,525)	\$ 2,668,204
Less: On-Behalf TPAF Pension System Contributions:								
TPAF Pension Contributions (non-budgeted)	20-495-034-5094-002	7/1/19-6/30/20	\$ (879,700)			\$ 879,700		
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	20-495-034-5094-001	7/1/19-6/30/20	(332,202)			332,202		
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	20-495-034-5094-004	7/1/19-6/30/20	(15,768)			15,768		
TPAF Long Term Liability Insurance (On-Behalf - Non-Budgeted)	20-495-034-5094-004	7/1/19-6/30/20	(920)			920		
Subtotal - On-Behalf TPAF Pension System Contributions						1,228,590		
Total State Awards (Net of On-Behalf TPAF Pension System Contributions)						\$ (735,979)		

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Haworth Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(2,404) for the general fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

HAWORTH BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Revenue from federal and state awards are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,962,165	\$ 1,962,165
Special Revenue Fund	<u>\$ 76,596</u>		<u>76,596</u>
Total Financial Awards	<u>\$ 76,596</u>	<u>\$ 1,962,165</u>	<u>\$ 2,038,761</u>

NOTE 5. 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 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2020.

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on the major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2020 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's program tested as a major state program for the current fiscal year consisted of the following state aid:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Awards:				
Reimbursed TPAF Social Security Contributions				
	20-495-034-5094-003	7/1/19-6/30/20	\$ 294,017	\$ 294,017

- The threshold for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk auditee" for state programs.

HAWORTH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

HAWORTH BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

There were no prior year findings.