

Livingston Board of Education

Township of Livingston
Board of Education
County of Essex
New Jersey

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

Livingston Board of Education

Livingston Township, New Jersey

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

Prepared by Livingston Township School District
Business Office
Mr. Steven K. Robinson
Business Administrator, Board Secretary
Ms. Patricia Ramos
Assistant Business Administrator

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION – Other Information	
Letter of Transmittal	1
Organizational Chart	8
Roster of Officials	9
Independent Auditors and Advisors	10
FINANCIAL SECTION	
Independent Auditors’ Report	11
Required Supplementary Information – Part I	
Management’s Discussion and Analysis	14
Basic Financial Statements	
Government-wide Financial Statements:	
A-1 Statement of Net Position	24
A-2 Statement of Activities	25
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	26
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	27
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds:	
B-4 Statement of Net Position	29
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	30
B-6 Statement of Cash Flows	31
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	32
B-8 Statement of Changes in Fiduciary Net Position	33

Table of Contents (continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
Notes to the Basic Financial Statements	34
Required Supplementary Information – Part II	
Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System (PERS)	76
L-2 Schedule of District Pension Contributions – Public Employee’s Retirement System (PERS)	77
L-3 Schedule of the State’s Proportionate Share of the Net Pension Liability Associated with the District – Teacher’s Pension and Annuity Fund (TPAF)	78
Schedule Related to Accounting and Reporting for OPEB (GASB 75)	
M-1 Schedule of the State’s Proportionate Share of the Net OPEB Liability Associated with the District and Changes in the Total OPEB Liability and Related Ratios– (PERS and TPAF)	79
Notes to Required Supplementary Information	80
Required Supplementary Information – Part III	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund (Budgetary Basis)	81
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)– Not Applicable	N/A
C-1b Community Development Block Grant Program - Budget and Actual (Budgetary Basis) – Not Applicable	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund (Budgetary Basis)	89
C-3 Note to Required Supplementary Information - Budget to GAAP Reconciliation	90

Table of Contents (continued)

FINANCIAL SECTION (continued)	<u>Page</u>
Supplementary Information	
D School Based Budget Schedules - Not Applicable	N/A
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	91
E-2 Schedule of Preschool Education Aid Expenditures – Budgetary Basis – Not Applicable	N/A
Capital Projects Fund:	
F-1 Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	93
F-2 Summary Schedule of Project Expenditures	95
Enterprise Fund:	
G-1 Combining Statement of Net Position – Not Applicable	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Not Applicable	N/A
G-3 Combining Statement of Cash Flows – Not Applicable	N/A
Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	96
H-2 Combining Statement of Changes in Fiduciary Net Position – Not Applicable	N/A
H-3 Schedule of Cash Receipts and Disbursements – Student Activity Agency Fund	97
H-4 Schedule of Cash Receipts and Disbursements – Payroll Agency Fund	98
Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	99
I-2 Schedule of Obligations Under Capital Leases	100
I-3 Budgetary Comparison Schedule – Debt Service Fund	101

Table of Contents (continued)

STATISTICAL SECTION (Unaudited) – Other Information

	<u>Page</u>
Financial Trends:	
J-1 Net Position by Component	102
J-2 Changes in Net Position	103
J-3 Fund Balances – Governmental Funds	105
J-4 Changes in Fund Balances – Governmental Funds	106
J-5 General Fund - Other Local Revenue by Source	107
Revenue Capacity:	
J-6 Assessed Value and Actual Value of Taxable Property	108
J-7 Direct and Overlapping Property Tax Rates	109
J-8 Principal Property Taxpayers	110
J-9 Property Tax Levies and Collections	111
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	112
J-11 Ratios of General Bonded Debt Outstanding	113
J-12 Ratios of Overlapping Governmental Activities Debt	114
J-13 Legal Debt Margin Information	115
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	116
J-15 Principal Employers	117
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	118
J-17 Operating Statistics	119
J-18 School Building Information	120
J-19 Schedule of Required Maintenance	121
J-20 Insurance Schedule	122

Table of Contents (continued)

SINGLE AUDIT SECTION	<u>Page</u>
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	123
K-2 Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08	125
K-3 Schedule A – Schedule of Expenditures of Federal Awards – Supplementary Information	128
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance – Supplementary Information	129
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	130
K-6 Schedule of Findings and Questioned Costs	133
K-7 Summary Schedule of Prior Year Audit Findings	137

Introductory Section

LIVINGSTON BOARD OF EDUCATION

11 Foxcroft Drive
Livingston, New Jersey 07039

Telephone 973-535-8000 Ext. 8009
Fax 973-535-1254
E-mail srobinson@livingston.org

Steven K. Robinson
Business Administrator/Board
Secretary

January 18, 2021

Honorable President and Members
of the Board of Education
Livingston Township School
District County of Essex
Livingston, New Jersey

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report (CAFR) of the Livingston Public Schools (the "District") as of and for the 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 administration of the 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 financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information at June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof, of the District for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, roster of officials and independent auditor and advisors. The financial section includes management's discussion and analysis (immediately following the independent auditors' report), basic financial statements, required supplementary information and supplementary information, as well as the auditors' report thereon. The statistical section, which includes selected financial, demographic and operating information, is unaudited and generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's reports on internal control and compliance with applicable major programs are included in the single audit section of this report.

1. Reporting Entity and Its Services

The Livingston Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and the government-wide financial statements of the District are included in this report. The Livingston Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12 as well as a Pre-K program for students with disabilities. These services are provided for regular, vocational and special education youngsters. The District completed the 2019-2020 fiscal year with an average daily enrollment of 6,120 students, which is an increase of 113 students from the previous year's average daily enrollment. The following details the changes in the average daily enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-20	6,120	1.88%
2018-19	6,007	0.60%
2017-18	5,971	0.98%
2016-17	5,913	(0.22)%
2015-16	5,926	0.78%

2. Economic Condition and Outlook

The Township of Livingston was incorporated in 1813 and is located in west-central Essex County. Livingston operates under the Council-Manager form of government, with the Township Manager as the Chief Executive Officer. The Mayor is elected from among the five members of the Township Council. All legislative power of the Township is exercised by the Township Council.

A comprehensive cyclical process of program assessment, development and implementation provides for ongoing program improvement. Every instructional program and support service undergoes an intensive review and identified needs are addressed in terms of curriculum and resources. Assessment results, improvement plans and curriculum changes are approved by the Board and disseminated to administrators, staff, parents, and the community, thereby fostering a shared vision and commitment to growth and improvement.

Programmatic and instructional changes reflect the revised New Jersey Student Learning Standards in English Language Arts, Mathematics, Science, Social Studies, Visual/Performing Arts, Comprehensive Health/Physical Education, Technology, World Languages, 21st Century Life and Careers, and Social-Emotional Learning. We continue to implement the *Understanding by Design (UbD)* framework as the model for our curriculum writing. This approach to curriculum is designed to engage students in the process of inquiry, promote transfer of learning, and provide a conceptual framework for helping students make sense of discrete facts and skills while uncovering the "big ideas" of content.

Our professional development supports the implementation of our standards-based curriculum and ties into our district goals of Differentiation and Individualized Learning, Building Quality Assessments for ALL Learners, Mindfulness for Building Relationships, and Questioning and Inquiry-Designing Questions and Learning Tasks to Access Student Thinking and Understanding. Specific topics and initiatives for this year include: Assessment and Student Learning, Classroom Management, Instructional Strategies, Home and School-Health and Safety, Best Practices in ELA and Mathematics

Instruction, Social and Emotional Learning, Special Populations, STEAM, Technology, and Transition. Significant staff development has been presented through local, state, and national conferences, in-service workshops, book studies, school based or department meetings and Professional Learning Communities (PLCs). District and building administrators and content area supervisors support teachers in the implementation of these curricula and monitor instructional effectiveness. Staff development for the integration of technology is a major focus because of the increased use of computers at every level in the district. LPS uses Charlotte Danielson's teacher observation and evaluation model which is based on the following domains: planning, instructional methods and strategies, classroom management and professional responsibilities.

A Summer School Academy for remediation and enrichment was introduced in the summer of 2016 and continues to be in place. The enrichment includes Bridge programs to support students taking honors and advanced placement courses. The focus is grades 6 through 12.

Several large-scale initiatives are currently under way to support standards based curriculum and the integration of technology:

a) **Math:**

To support the math curriculum, a new textbook series was purchased for grades K-2. Technology is integrated into this instructional approach. Our elementary math supervisor trained teachers in the use of the on-line component of the math series and the additional support needed for identified students to augment their instruction. On the middle and high school levels, the teacher uses an on-line program to target individual student needs.

b) **Technology:**

LPS continues to strengthen its use of technology at every level. The pandemic was a catalyst to transition our teachers and students to remote learning and increased technology use. In the elementary schools, additional carts of Chromebooks have been purchased for instructional use. All students in grades 2 through 12 are part of a 1:1 computer initiative. All K-12 teachers have a MacBook Air to support their integration of technology in every subject area. To support these initiatives, we have four technology coaches and expanded professional development for teachers across the district.

c) **Science:**

The implementation of the Next Generation Science Standards has led us to revise our science curricula and instructional practices to include more inquiry-based learning, experimentation, and the integration of technology and engineering. STEM/STEAM initiatives in grades K through 6 have been integrated into all curricula. In light of the pandemic, an additional computer simulation program was purchased to facilitate students' scientific inquiry and thinking where opportunities for in-person lab experiences may be constrained.

d) **English Language Arts (ELA):**

We maintain our focus on teaching English Language Arts through a balanced literacy approach. A scope and sequence for each area of ELA (reading, writing, word study, vocabulary, phonics, spelling, grammar, usage, and mechanics) has been developed to ensure that all aspects of ELA receive the appropriate emphasis. Curricula in grades K through 12 are written to meet the New Jersey Student Learning Standards in English Language Arts; and resources, curricula, and professional development support implementation of the standards. The Literably and DRA2 assessment tools are used to track long range growth and achievement in the areas of reading engagement, fluency (expression, rate, and accuracy) and comprehension in grades K-6. The Predictive Assessment for Readiness (PAR) is the dyslexia screening tool that is used in the district. Link-It benchmark reading assessments are used to track growth in the areas of reading and writing in grades 3-10, and authentic writing portfolios

and correlating rubrics are used to demonstrate evidence of growth and achievement in the various genres of writing. The Words Their Way Development Spelling Assessment is used in grades K-5 to determine growth and achievement in the areas of phonemic awareness, phonics, and spelling.

Student Services

The Livingston School District enjoys a reputation of quality across the state, one that is grounded in clear goals, consistent advocacy, diverse services, and multi-dimensional circles of support. Within our department, we are fortunate to have the leadership of an Assistant Superintendent, a Director of Elementary Special Education, a Director of Secondary Special Education, Curriculum Directors, a Director of School Counseling, and a Transition Coordinator to lead the staff to meet the expectations set forth. The services and supports available are as follows:

1. Pre-School Programming - Full Day and Half Day Self-Contained Classrooms; Integrated Classrooms
2. Applied Behavior Analysis Classes from Pre-K-Elementary
3. Life Skills-Multiply Disabled Classes K-Age 21
4. Career Internship Program
5. Community-Based Instruction
6. Speech and Language Services
7. Augmentative and Assistive Communication Expertise
8. Occupational Therapy Services
9. Physical Therapy Services
10. School Counseling Services
11. Teacher of the Deaf Services
12. Transportation Services
13. Clinical Counseling Services K-12
14. In-Class Support – Co-Teaching
15. Supplementary Aides and Services including specialized equipment
16. Resource Center Programs K-12
17. Child Study Team Services
18. BCBA and Behavior Specialist Support
19. School Counseling Program K-12
20. Nursing Services within each school building
21. Assistive Technology

The Department of Student Services continues to work closely with the general education departments to ensure progress towards district goals and expectations, while promoting education in the least restrictive environment. Highlighted components of our program are:

- An exemplary pre-school program which includes an integrated model and a pre-school disabled program with full and half-day opportunities that relies upon a scientifically research based curriculum.
- An Extended School Year program for special education students with a full complement of services.
- Expert related services component, complete with OTRs, Speech/Language Specialists, Physical Therapists, Behaviorists and Clinical Counseling professionals.

- A 21st Century Career Readiness Program that addresses each of the areas of transition to post-secondary life and is supported by realistic job, community, and academic experiences including job sampling, job coaching, and supported employment.
- A full complement of Community Based Instruction.
- Expert Child Study Team services embedded within each building.
- Comprehensive and Developmental K-12 School Counseling Program.
- A continuum of clinical counseling services available to at-risk students with emotional, school refusal, and behavioral challenges is available K-12.
- School nursing services within each school wherein school nurses are specially trained to meet the needs of all populations of students.

Staff Development

The Livingston Public Schools continue to support teachers and staff members through a variety of staff development opportunities including local, state, and national workshops and conferences. Administrators and content area supervisors provide professional development opportunities throughout the school year and voluntarily over the summer months. These take place in the form of PD days, in-service days, after-school courses, book clubs, graduate level coursework, department meetings/days, professional learning communities/teams (PLCs and PLTs), and faculty meetings. We also have a robust LPS “University” learning catalog; and we partner with local universities to take advantage of the professional development opportunities offered through institutions such as Fairleigh Dickinson University, Montclair State University, Kean University, and Ramapo College of New Jersey.

Our main themes for professional development for the 2020-2021 school year include the following:

- Assessment and Student Learning
- Instructional Strategies
- Classroom Management
- Social and Emotional Learning
- Best Practices in ELA Instruction
- STEAM (Science, Technology, Engineering, Arts, and Mathematics)
- Implementation of Technology as an Instructional Tool (SAMR Model)

District administration continues to use multiple measures and data from a variety of sources to identify student and staff needs. Some of the measures include survey data, LPS Professional Development Committee feedback, information gleaned from New Teacher Orientation and our Mentoring Program, teacher observation data, and local benchmark and state testing data focusing on student growth and achievement.

3. Internal Control

Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Internal control 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 awards and state financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

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

4. Budgetary Controls

In addition to internal control, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the State Department 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 legal level of budgetary control is established at the line item level within each fund. The final budget amount as amended for the fiscal year is reflected in the required supplementary information-Part III section of this report.

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

5. Accounting System and Reports

The District's financial statements are presented in conformity with accounting principles generally accepted in the United States of America, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These government-wide financial statements and funds are explained in "Notes to the Basic Financial Statements," Note 1.

6. 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 utilizes a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. Risk Management

The Board carries various forms of insurance, including but not limited to hazard and theft insurance on property and contents, general liability, umbrella liability, automobile liability, boiler and machinery, errors and omissions, crime insurance, Board Secretary bond, Treasurer of School Monies bond, volunteer accident, medical, dental, workers' compensation and media liability.

8. Other Information

Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss & Company, LLP 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 the Federal Uniform Guidance and New Jersey OMB Circular 15-08. The auditors' report on the basic financial statements and combining and individual fund statements, required supplementary information and other supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

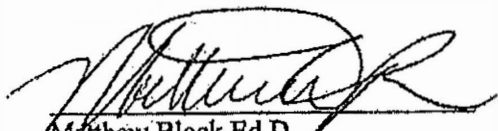
9. COVID-19 Pandemic

The 2019-20 school year was an unprecedented year due to the COVID-19 Pandemic. Livingston, along school districts across the state, faced multiple instructional, technological and financial challenges in implementing virtual instruction. The District was tasked with meeting the needs of students and staff through new, creative measures which were not anticipated in the 2019-2020 budget. While school districts were mandated to honor contracts, despite not receiving services, Livingston successfully negotiated reductions to various transportation contracts during the school closure.

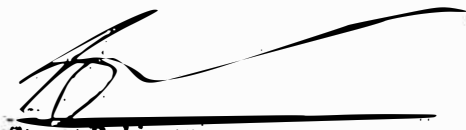
10. Acknowledgments

We would like to express our appreciation to the members of the Livingston School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial 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,

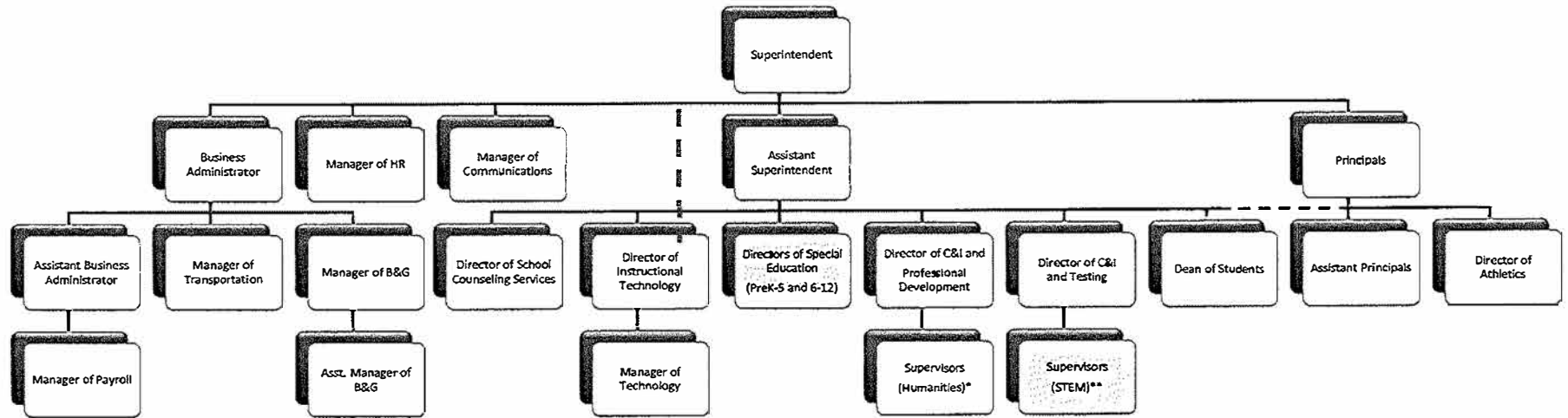


Matthew Block Ed.D.
Superintendent of Schools



Steven Robinson
School Business Administrator/Board Secretary

Livingston Board of Education Organization Chart



**Humanities includes: Supervisor of English (7-12) Supervisor of ELA (Pre-K-6), Supervisor of Social Studies (7-12), Supervisor of Social Studies (Pre-K-6), Supervisor of Health & Physical Education, Supervisor of Visual and Performing Arts and Supervisor of World Language/ESL*

*** STEM includes: Supervisor of Science (7-12), Supervisor of Science (Pre-K-6), Supervisor of Math (7-12), Supervisor of Math (Pre-K-6) and Supervisor of Business & Technology*

Livingston Board of Education

Roster of Officials

As of June 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. Ronnie Ferber Konner, President	2021
Ms. Samantha Messer, Vice-President	2022
Mr. Charles "Buddy" August	2020
Mrs. Pam Chirls	2021
Mr. Seth Cohen	2022

Other Officials

Mr. Matthew J. Block Ed.D., Superintendent of Schools
Mr. Steven K. Robinson, School Business Administrator/Board Secretary
Mrs. Lisa Capone-Steiger, Assistant Superintendent of Schools
Mrs. Patricia Ramos, Assistant Business Administrator

Livingston Board of Education

Independent Auditor and Advisors

June 30, 2020

Architects

DiCara Rubino Architects
30 Galesi Drive
Wayne, New Jersey 07470

Gianforcaro Architects
555 East Main Street
Chester, New Jersey 07930

Independent Auditor

Wiss & Company, LLP
100 Campus Drive, Suite 400
Florham Park, NJ 07932

Attorney

Sciarrillo, Cornell, Merlino, McKeever & Osborne
328 St. Paul Street
Westfield, New Jersey 07090

Official Depositories

Regal Bank
570 West Mt. Pleasant Avenue
Livingston, New Jersey 07039

Investors Savings Bank
493 South Livingston Avenue
Livingston, New Jersey 07039

New Jersey Cash Management Fund
Division of Investments
Department of the Treasury
CN 290
Trenton, New Jersey 08625

TD Bank
185 South Livingston Avenue
Livingston, New Jersey 07039

Financial Section



Independent Auditors' Report

Honorable President and Members
of the Board of Education
Livingston Board of Education
Livingston, New Jersey
County of Essex

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 Livingston Board of Education, County of Essex, New Jersey (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements 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 auditors' 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 District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District pension contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of the State's proportionate share of the net OPEB liability associated with the District and Changes in the Total OPEB Liability and Related Ratios – PERS and TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative*

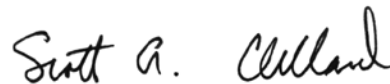
Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2021 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.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

January 18, 2021
Florham Park, New Jersey

Required Supplementary Information - Part I

Management's Discussion and Analysis

Livingston Board of Education
Livingston, New Jersey

Management's Discussion and Analysis
Year ended June 30, 2020

This management discussion and analysis of the Livingston Board of Education's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements, notes and additional information in the transmittal letter to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information and required by the Governmental Accounting Standards Board (GASB). Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for fiscal 2020 are as follows:

- Total net position is \$44,416,462. It is comprised of both current and capital assets and deferred outflows of resources less current and outstanding long-term liabilities and deferred inflows of resources (Schedule A-1).
- General revenues accounted for \$149,983,551 of revenues or 97 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital contributions accounted for \$4,457,855 or 3 percent of total revenues of \$154,441,406 (Schedule A-2).
- The District had \$144,865,294 in governmental funds expenditures (Schedule B-2). Of that amount, the General Fund expenditures totaled \$134,138,732, including \$19,051,761 in State on-behalf TPAF pension and social security contributions. Grant-related expenditures totaled \$2,581,212 in the special revenue fund. Business-type activities expenses were \$1,506,434 (Schedule B-5).

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Livingston Board of Education as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The three components that comprise the District's basic financial statements are: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The CAFR also contains required, supplementary and other information in addition to the basic financial statements themselves.

Reporting the School District as a Whole

Government-wide Statements

The Statement of Net Position and Statement of Activities provide information about the activities of the entire District, and are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. These government-wide statements found at A-1 and A-2 are not intended to drive budgetary decisions of the Board of Education. Instead, the fund statements found at B-1 through B-8 as well as the supplementary budgetary comparison at C-1 should be utilized, as in the past, for the decision making of the Board of Education. The fund financial statements are explained later in this MD&A.

These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

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

- Governmental activities – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of facilities, pupil transportation, and extracurricular activities.
- Business-type activities – Programs reported here are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods and services be financed through user charges. The Food Service Enterprise Fund is reported as a business-type activity.

The government-wide financial statements are Schedules A-1 and A-2.

Reporting the School District's Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary fund and fiduciary funds. The fund financial statements are utilized for District financial decision making.

Governmental Funds

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

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds. The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund and as supplementary information for the debt service fund to demonstrate compliance with this budget. The basic governmental fund financial statements are Schedules B-1, B-2 and B-3.

Proprietary Funds

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses a proprietary fund to account for the operations of its food service program. The basic proprietary fund financial statements are Schedules B-4, B-5 and B-6.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses a trust fund to account for its unemployment compensation fund. The District uses agency funds to account for resources held for student activities and groups and payroll related liabilities. The basic fiduciary fund financial statements are Schedules B-7 and B-8.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34 to 75 of this report.

The School District as a Whole

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

position is not the primary basis for the decision making for each budget cycle. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following table provides a summary of the net position relating to the District's governmental and business-type activities over the past two years at June 30.

Table 1
Net Position
June 30,

	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business- Type Activities	Total
Assets:						
Current and other assets	\$ 17,561,513	\$ 399,746	\$ 17,961,259	\$ 12,957,303	\$ 493,903	\$ 13,451,206
Capital assets, net	149,706,075	140,133	149,846,208	152,301,806	178,836	152,480,642
Total assets	167,267,588	539,879	167,807,467	165,259,109	672,739	165,931,848
Deferred outflows of resources	9,163,305		9,163,305	10,583,139		10,583,139
Liabilities:						
Current liabilities	12,205,397	344,052	12,549,449	10,844,027	390,369	11,234,396
Long-term liabilities	110,255,855	59,126	110,314,981	116,136,587	83,891	116,220,478
Total liabilities	122,461,252	403,178	122,864,430	126,980,614	474,260	127,454,874
Deferred inflow of resources	9,653,387		9,653,387	9,423,652		9,423,652
Net position:						
Net investment in capital assets	65,375,895	55,419	65,431,314	64,178,646	63,335	64,241,981
Restricted	11,686,227		11,686,227	8,249,348	-	8,249,348
Unrestricted (deficit)	(32,782,361)	81,282	(32,701,079)	(32,990,012)	138,144	(32,851,868)
Total net position	\$ 44,279,761	\$ 136,701	\$ 44,416,462	\$ 39,437,982	\$ 201,479	\$ 39,639,461

The largest portion of the District's net position is its net investment in capital assets, e.g. land, construction in progress, buildings and improvements, and furniture and equipment, net of accumulated depreciation less any related debt (general obligation bonds payable and related unamortized premium and deferred interest costs on the refunding of bonds and obligations under capital leases) used to acquire those assets that are still outstanding.

The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's capital assets, net, decreased in the current fiscal year due to current depreciation expense exceeding current year capital asset additions. Current and other assets increased mainly due to the increase in cash and cash equivalents due to current year fiscal results as well as a \$444,000 increase in accounts receivable from the State. Current liabilities increased mainly due to the timing of invoices received by the District at year-end as well as an increase in the District's PERS obligation due in April 2021. Long-term liabilities decreased mainly due to the decrease in the net pension liability,

which is the result of the actuarial valuation of the PERS pension liability completed for the current fiscal year. This decrease is also due to current year bond principal payments.

Net investment in capital assets increased by approximately \$1.2 million as a result of capital asset additions, a decrease in serial bonds, an increase in unamortized deferred interest costs and a decrease in unamortized bond premiums, offset by a decrease in capital leases. A portion of the District's net position represents a balance of restricted net position. This balance reflects the net position in the capital projects fund and other restricted accounts in the general fund, including capital reserve, emergency reserve and excess fund balance designated for subsequent years expenditures. The increase primarily resulted from an increase in the District's net investment in capital assets. The following table presents changes in net position for the fiscal years ended June 30, 2020 and 2019.:

Table 2
Changes in Net Position
Year ended June 30,

	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 389,317	\$ 1,436,520	\$ 1,825,837	\$ 708,770	\$ 2,212,288	\$ 2,921,058
Operating grants and contributions	2,581,212		2,581,212	2,600,073		2,600,073
Capital grants and contributions	50,806		50,806			
Total program revenues	3,021,335	1,436,520	4,457,855	3,308,843	2,212,288	5,521,131
General revenues:						
Property taxes	115,727,652		115,727,652	112,946,917		112,946,917
Federal aid not restricted to specific purposes	10,990		10,990	12,167		12,167
State aid not restricted to specific purposes	33,398,535		33,398,535	35,945,138		35,945,138
Investment earnings	144,629	5,136	149,765	248,204	9,955	258,159
Rental income	338,912		338,912	436,443		436,443
Miscellaneous	357,697		357,697	328,831		328,831
Total general revenues	149,978,415	5,136	149,983,551	149,917,700	9,955	149,927,655
Expenses:						
Instructional services	95,716,727		95,716,727	96,778,911		96,778,911
Support services	49,279,988	1,506,434	50,786,422	50,875,380	2,155,042	53,030,422
Charter schools	116,590		116,590	43,071		43,071
Interest on long-term debt	3,044,666		3,044,666	3,156,892		3,156,892
Total expenses	148,157,971	1,506,434	149,664,405	150,854,254	2,155,042	153,009,296
Change in net position	4,841,779	(64,778)	4,777,001	2,372,289	67,201	2,439,490
Net position - beginning	39,437,982	201,479	39,639,461	37,065,693	134,278	37,199,971
Net position - ending	\$ 44,279,761	\$ 136,701	\$ 44,416,462	\$ 39,437,982	\$ 201,479	\$ 39,639,461

Property taxes made up 77.2% of revenues for governmental activities for the District for fiscal year 2020. Federal and state unrestricted aid accounted for another 22.3% of revenue.

The total cost of all programs and services was \$149,664,405. Instruction comprised 63.9% of District expenses. Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Property taxes increased within allowable caps as permitted by New Jersey regulations.

Capital grants and contributions increased due to the final payment for New Jersey Schools Development Authority projects exceeding district-estimated amounts. State aid decreased mainly due to a decrease in the TPAF pension expense adjustment based on the June 30, 2019 audited schedule of employer allocations for the TPAF.

Business-type program expenses decreased from the prior year due to the District switching to remote learning in March of 2020 due to the COVID-19 Pandemic.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Financial Analysis of the District's Funds

Governmental Funds (Schedules B-1 and B-2)

Governmental funds are accounted for using the modified accrual basis of accounting. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources. Such information is essential in assessing the District's financing requirements.

General Fund. The general fund is the main operating fund of the District. At the end of the current fiscal year, restricted fund balances were \$7,145,574, assigned fund balances were \$851,374 and the unassigned fund balance was \$3,288,345, while the total fund balance was \$11,285,293 (B-1). For the year ended June 30, 2020, the District generated excess surplus in the amount of \$1,925,588.

Special Revenue Fund. The special revenue fund is used to track the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes, other than debt service or capital projects. Revenue and expenditures for the current fiscal year decreased by \$18,861 mainly due to the suspension of certain programs caused by the COVID-19 Pandemic. IDEA continues to be the largest grant in the special revenue fund, with expenditures in the current fiscal year of \$1,355,137.

Capital Projects Fund. The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds). There were no expenditures in the current fiscal year. Total restricted fund balance was \$4,540,653 as of June 30, 2020.

Debt Service Fund. The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The fund balance in the debt service fund is \$346,768 at June 30, 2020.

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

The following schedules present a summary of the revenues of the General Fund, Special Revenue Fund and Debt Service Fund for the fiscal year ended June 30, 2020, and the amount and percentage of increases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase from 2019	Percent of Increase
Local sources	\$ 116,973,947	80.3%	\$ 2,310,122	2.0%
State sources	27,061,261	18.6	1,639,422	6.4
Federal sources	1,644,870	1.1	55,489	3.5
Total	\$145,680,078	100.0%	\$ 4,005,033	2.8%

The increase in local revenue was due to mainly to an increase in the tax levy to fund the costs to provide a thorough and efficient education to the District students.

The increase in state sources is mainly due to an increase of the on behalf TPAF contributions made by the State of New Jersey on behalf of the District.

The increase in federal sources is mainly attributable to increases in the special revenue fund activity.

The following schedule represents a summary of general fund, special revenue fund and debt service fund expenditures for the year ended June 30, 2020, and the amount and percentage of increases in relation to prior year expenditures.

Expenditures	Amount	Percent of Total	Increase from 2019	Percent of Increase
Current expense:				
Instruction	\$61,376,820	42.4%	\$324,442	0.5%
Support services	69,581,722	48.0	591,551	0.9
Capital outlay	5,644,812	3.9	1,351,123	31.5
Charter schools	116,590	0.1	73,519	170.1
Debt service	8,145,350	5.6	27,525	0.3
Total	\$144,865,294	100.0%	\$2,368,160	1.7%

The increase in instruction expenditures is not tied to one specific program. There were slight increases in a variety of areas.

The increase in support services is mainly the result of increases in on-behalf TPAF contributions by the State of New Jersey and health benefits.

The increase in capital outlay is the result of greater equipment and improvement purchase activity during the 2019-20 school year.

General Fund Budgetary Highlights

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

Over the course of the year, the District revised the annual operating budget through transfers approved by the Board.

Significant budgetary transfers were made between budgetary line items and approved by the Board for various reasons including:

- Regular education – a decrease of \$416,838 was mainly due to a decrease in the need for substitute teachers when the District switched to remote due to the COVID-19 Pandemic. There was also a decrease in expenditures for before and after-school programs due to the COVID-19 Pandemic.
- Special education – an increase of \$140,629 was mainly due to an increase in the number of teaching staff for in district special education programs and instructional aides, as the District had an increased need for serving students with preschool disabilities, multiple disabilities and in resource room in the current year.
- Child study teams – an increase of \$204,170 was mainly attributable to fill additional staffing needs and to perform additional student evaluations.
- Unallocated benefits – Unemployment compensation – an increase of \$300,000 was due to the District contributing to the unemployment compensation trust fund to meet increased claims caused by the COVID-19 Pandemic.
- Unallocated benefits – health benefits – a decrease of \$695,833 was mainly attributable to the actual premium increase being less than anticipated at the time of budget adoption.

Capital Assets

At the end of fiscal year 2020, the District had \$149,846,208 invested in land, land improvements, building and building improvements, machinery, equipment and vehicles, net of accumulated depreciation.

The following presents a comparison for 2020 and 2019:

	Capital Assets (Net of Depreciation)	
	Year Ended June 30,	
	2020	2019
Land	\$ 3,253,263	\$ 3,253,263
Land improvements	523,222	579,685
Building and building improvements	139,458,872	143,258,697
Machinery, equipment and vehicles	6,610,851	5,388,998
Total	<u>\$ 149,846,208</u>	<u>\$ 152,480,643</u>

For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long-term Liabilities

At June 30, 2020, the District had \$117,900,747 of long-term liabilities. Of this amount, \$4,975,612 relates to compensated absences; \$4,595,691 relates to various capital leases payable; \$75,095,000 of serial bonds for school construction and renovation projects; \$26,013,843 relates to the net pension liability, \$7,106,693 is for the unamortized premium on bonds and \$113,908 is for the unamortized premium on capital leases.

At June 30, 2020, the District's overall remaining limitation of indebtedness was \$252,832,128. For more detailed information, please refer to Note 5 to the basic financial statements.

For the Future

The District is proud of its community support of the public schools.

The Livingston Board of Education is presently in good financial condition. The District continues to be affected by the COVID-19 Pandemic. Costs related to instruction technology, safety, and cleaning and maintenance have all increased as a result of the Pandemic. The District has received Federal assistance to mitigate these additional costs. However, the Pandemic will likely have an overall negative financial impact on the District. In conclusion, the Livingston Board of Education has committed itself to sound financial practices. The District plans to continue to improve its fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Steven Robinson, Business Administrator/Board Secretary at Livingston Board of Education, 11 Foxcroft Drive, Livingston, New Jersey 07039.

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2020.

Livingston Board of Education

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 10,134,273	\$ 384,681	\$ 10,518,954
Investments	40,920		40,920
Internal balances	25,422	(25,422)	-
Accounts receivable	2,934,630		2,934,630
Inventories		40,487	40,487
Restricted assets:			
Cash and cash equivalents	4,389,775		4,389,775
Capital assets, non-depreciable	3,253,263		3,253,263
Capital assets, depreciable, net	146,452,812	140,133	146,592,945
Total assets	<u>167,231,095</u>	<u>539,879</u>	<u>167,770,974</u>
Deferred outflows of resources			
Unamortized deferred loss on refunding of debt	2,581,112		2,581,112
Pension deferrals	6,582,193		6,582,193
Total deferred outflows of resources	<u>9,163,305</u>		<u>9,163,305</u>
Liabilities			
Accounts payable	2,614,538	100,444	2,714,982
Accrued interest payable	1,624,014		1,624,014
Intergovernmental payables:			
State	163,065		163,065
Unearned revenue	158,888	218,020	376,908
Net pension liability	26,013,843		26,013,843
Current portion of long-term obligations	7,644,892	25,588	7,670,480
Noncurrent portion of long-term obligations	84,242,012	59,126	84,301,138
Total liabilities	<u>122,461,252</u>	<u>403,178</u>	<u>122,864,430</u>
Deferred inflow of resources			
Pension deferrals	9,653,387		9,653,387
Net position			
Net investment in capital assets	65,375,895	55,419	65,431,314
Restricted for:			
Capital projects	4,540,653		4,540,653
Capital reserve	3,389,775		3,389,775
Emergency reserve	1,000,000		1,000,000
Excess fund balance	2,755,799		2,755,799
Unrestricted (deficit)	(32,782,361)	81,282	(32,701,079)
Total net position	<u>\$ 44,279,761</u>	<u>\$ 136,701</u>	<u>\$ 44,416,462</u>

Livingston Board of Education

Statement of Activities

Year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction	\$ 95,716,727	\$ 318,070	\$ 2,160,798		\$ (93,237,859)		\$ (93,237,859)
Support services:							
Attendance/social work	106,063				(106,063)		(106,063)
Health services	1,510,647				(1,510,647)		(1,510,647)
Other support services	13,410,587		420,414		(12,990,173)		(12,990,173)
Improvement of instruction	3,810,048				(3,810,048)		(3,810,048)
Other support: instructional staff	1,040,180				(1,040,180)		(1,040,180)
School library	2,076,694				(2,076,694)		(2,076,694)
General administration	1,428,252				(1,428,252)		(1,428,252)
School administration	6,748,871				(6,748,871)		(6,748,871)
Required maintenance of plant services	1,920,298				(1,920,298)		(1,920,298)
Operation of plant	7,936,689			\$ 50,806	(7,885,883)		(7,885,883)
Student transportation	4,444,312	71,247			(4,373,065)		(4,373,065)
Central services	2,371,387				(2,371,387)		(2,371,387)
Administrative information technology	2,475,960				(2,475,960)		(2,475,960)
Charter Schools	116,590				(116,590)		(116,590)
Interest and other charges on long-term obligations	3,044,666				(3,044,666)		(3,044,666)
Total governmental activities	148,157,971	389,317	2,581,212	50,806	(145,136,636)		(145,136,636)
Business-type activities							
Food service	1,506,434	1,436,520				\$ (69,914)	(69,914)
Total business-type activities	1,506,434	1,436,520				(69,914)	(69,914)
Total primary government	\$ 149,664,405	\$ 1,825,837	\$ 2,581,212	\$ 50,806	(145,136,636)	(69,914)	(145,206,550)
General revenues:							
Property taxes, levied for general purposes					108,543,272		108,543,272
Property taxes, levied for debt service					7,184,380		7,184,380
Unrestricted federal sources					10,990		10,990
Unrestricted state sources					33,398,535		33,398,535
Investment earnings					144,629	5,136	149,765
Rental income					338,912		338,912
Miscellaneous income					357,697		357,697
Total general revenues					149,978,415	5,136	149,983,551
Change in net position					4,841,779	(64,778)	4,777,001
Net position—beginning of year					39,437,982	201,479	39,639,461
Net position—end of year					\$ 44,279,761	\$ 136,701	\$ 44,416,462

Fund Financial Statements

Governmental Funds

Livingston Board of Education
Governmental Funds

Balance Sheet

June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 5,655,002		\$ 4,183,309	\$ 295,962	\$ 10,134,273
Investments	40,920				40,920
Accounts receivable:					
State	1,924,180	\$ 64,125			1,988,305
Federal		869,296			869,296
Interfund	811,462		481,782	50,806	1,344,050
Other	77,029				77,029
Restricted assets:					
Cash and cash equivalents	4,389,775				4,389,775
Total assets	<u>\$ 12,898,368</u>	<u>\$ 933,421</u>	<u>\$ 4,665,091</u>	<u>\$ 346,768</u>	<u>\$ 18,843,648</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 682,740	\$ 47,613			\$ 730,353
Intergovernmental payables:					
State		163,065			163,065
Unearned revenue	148,553	10,335			158,888
Interfunds payable	781,782	712,408	\$ 124,438		1,618,628
Total liabilities	<u>1,613,075</u>	<u>933,421</u>	<u>124,438</u>		<u>2,670,934</u>
Fund balances:					
Restricted for:					
Capital reserve	3,389,775				3,389,775
Emergency reserve	1,000,000				1,000,000
Excess fund balance - prior year designated for subsequent years expenditures	830,211				830,211
Excess fund balance-current year	1,925,588				1,925,588
Debt service				\$ 346,768	346,768
Capital projects			4,540,653		4,540,653
Assigned to:					
Designated for subsequent years' expenditures	469,789				469,789
Other purposes	381,585				381,585
Unassigned	3,288,345				3,288,345
Total fund balances	<u>11,285,293</u>	<u>-</u>	<u>4,540,653</u>	<u>346,768</u>	<u>16,172,714</u>
Total liabilities and fund balances	<u>\$ 12,898,368</u>	<u>\$ 933,421</u>	<u>\$ 4,665,091</u>	<u>\$ 346,768</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$220,907,100 and the accumulated depreciation is \$71,201,025.	149,706,075
Accrued interest on long-term bonds, notes and capital leases is not due and payable in the current period and therefore is not reported as a liability in the funds.	(1,624,014)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(3,071,194)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the bonds.	2,581,112
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(26,013,843)
Accrued pension contributions for the June 30, 2020 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,584,185)
Long-term liabilities, including bonds payable, capital leases, compensated absences and unamortized premium on bonds and leases are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(91,886,904)</u>
Net position of governmental activities	<u>\$ 44,279,761</u>

Livingston Board of Education
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues					
Local sources:					
Local tax levy	\$ 108,543,272			\$ 7,184,380	\$ 115,727,652
Tuition	137,582				137,582
Tuition from other LEA's	180,488				180,488
Transportation fees from individuals	71,247				71,247
Interest on investments	89,699		\$ 14,010		103,709
Investment income	40,920				40,920
Rental income	338,912				338,912
Miscellaneous	123,701	\$ 29,750		233,996	387,447
Total local sources	109,525,821	29,750	14,010	7,418,376	116,987,957
State sources	25,348,510	917,582	50,806	795,169	27,112,067
Federal sources	10,990	1,633,880			1,644,870
Total revenues	134,885,321	2,581,212	64,816	8,213,545	145,744,894
Expenditures					
Current:					
Instruction	52,617,011	2,160,798			54,777,809
Undistributed-current:					
Instruction	6,599,011				6,599,011
Attendance/social work	63,807				63,807
Health services	912,252				912,252
Support services	8,196,155	420,414			8,616,569
Improvement of instruction	2,313,087				2,313,087
School library	1,306,041				1,306,041
Instructional staff training	661,513				661,513
General administration	1,129,293				1,129,293
School administration	4,210,001				4,210,001
Required maintenance of plant services	1,260,052				1,260,052
Operation of plant	5,695,144				5,695,144
Student transportation	3,373,284				3,373,284
Central services	1,536,486				1,536,486
Administrative information technology	1,721,537				1,721,537
Unallocated benefits	17,730,895				17,730,895
On-behalf TPAF social security and pension contributions	19,051,761				19,051,761
Capital outlay	5,644,812				5,644,812
Charter Schools	116,590				116,590
Debt service:					
Principal				4,820,000	4,820,000
Interest				3,325,350	3,325,350
Total expenditures	134,138,732	2,581,212	-	8,145,350	144,865,294
Excess of revenues over expenditures	746,589	-	64,816	68,195	879,600
Other financing sources (uses):					
Capital leases (non-budgeted)	2,575,009				2,575,009
Transfers in	14,010			115,013	129,023
Transfers out	(64,207)		(64,816)		(129,023)
Total other financing sources (uses)	2,524,812	-	(64,816)	115,013	2,575,009
Net change in fund balances	3,271,401	-	-	183,208	3,454,609
Fund balances, July 1	8,013,892	-	4,540,653	163,560	12,718,105
Fund balances, June 30	\$ 11,285,293	\$ -	\$ 4,540,653	\$ 346,768	\$ 16,172,714

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

Livingston Board of Education
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2020

Total net change in fund balances - governmental funds (from B-2)		\$	3,454,609
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 expense exceeded capital additions in the period.			
	Capital additions	\$ 3,607,991	
	Depreciation expense	<u>(6,203,722)</u>	(2,595,731)
In the statement of activities, interest on debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.			
			(14,690)
Repayments of bond and capital lease principal are expenditures 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.			
	Serial bonds payable	4,820,000	
	Obligations under capital lease	<u>1,869,361</u>	6,689,361
The issuance of capital leases proceeds provides current financial resources to governmental funds and has no effect on net position.			
	Principal portion		(2,441,000)
	Premium on capital lease		(134,009)
Governmental funds report the effect of premiums on bonds and capital leases and deferred interest costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
	Amortization of premium on bonds and capital leases	500,426	
	Amortization of deferred loss on refunding of debt	<u>(205,052)</u>	295,374
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
	Pension expense accrual basis adjustment		(323,726)
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).			
			(88,409)
Change in net position of governmental activities (A-2)		\$	<u>4,841,779</u>

Proprietary Fund

Livingston Board of Education
Proprietary Fund

Statement of Net Position

June 30, 2020

	<u>Major</u> <u>Enterprise Fund</u>
	<u>Food</u> <u>Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 384,681
Inventories	40,487
Total current assets	<u>425,168</u>
Non-current assets:	
Capital assets - depreciable:	
Equipment	339,923
Accumulated depreciation	(199,790)
Total capital assets, net	<u>140,133</u>
Total assets	<u>565,301</u>
Liabilities	
Current liabilities:	
Accounts payable	100,444
Interfund payable	25,422
Unearned revenue	218,020
Purchase agreement payable	25,588
Total current liabilities	<u>369,474</u>
Noncurrent liabilities:	
Purchase agreement payable	59,126
Total noncurrent liabilities	<u>59,126</u>
Total liabilities	<u>428,600</u>
Net position	
Net investment in capital assets	55,419
Unrestricted	81,282
Total net position	<u>\$ 136,701</u>

See accompanying notes to the basic financial statements.

Livingston Board of Education
Proprietary Fund

Statement of Revenues, Expenses and
Changes in Fund Net Position

Year ended June 30, 2020

	Major Enterprise Fund <hr/> Food Service <hr/>
Operating revenues:	
Local sources:	
Daily food sales	\$ 1,385,779
Special event income	50,741
Total operating revenues	<hr/> 1,436,520
Operating expenses:	
Salaries	562,599
Employee benefits	82,431
Supplies and materials	47,031
Purchased property services	172,208
Other purchased services	6,938
Cost of sales	558,364
Depreciation	37,083
Management fee	39,339
Miscellaneous	441
Total operating expenses	<hr/> 1,506,434
Operating (loss)	(69,914)
Nonoperating revenues:	
Interest	5,136
Total nonoperating revenues	<hr/> 5,136
Change in net position	(64,778)
Total net position-beginning	201,479
Total net position-ending	<hr/> <hr/> \$ 136,701

Livingston Board of Education
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2020

	<u>Major</u> <u>Enterprise Fund</u> <u>Food</u> <u>Service</u>
Cash flows from operating activities	
Receipts from customers	\$ 1,504,973
Payments to employees and for employee benefits	(645,030)
Payments to suppliers	(959,800)
Net cash used in operating activities	<u>(99,857)</u>
Cash flows from capital and related financing activities	
Payment of purchase agreement payable	(29,167)
Net cash used in capital and related financing activities	<u>(29,167)</u>
Cash flows from investing activities	
Interest received	5,136
Net cash provided by investing activities	<u>5,136</u>
Net decrease in cash and cash equivalents	(123,888)
Cash and cash equivalents, beginning of year	508,569
Cash and cash equivalents, end of year	<u>\$ 384,681</u>
Reconciliation of operating (loss) to net cash used in operating activities	
Operating (loss)	\$ (69,914)
Adjustments to reconcile operating (loss) to net cash used in operating activities:	
Depreciation	37,083
Change in assets and liabilities:	
Increase in inventory	(26,731)
Decrease in accounts payable	(108,748)
Increase in unearned revenue	68,453
Net cash used in operating activities	<u>\$ (99,857)</u>

Noncash financing activities:

The District's food service management company purchased \$3,405 of equipment on behalf of the District under a purchase agreement during the year ended June 30, 2020.

Fiduciary Funds

Livingston Board of Education
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2020

	Unemployment Compensation Trust	Agency Fund
	<u>Trust</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 300,401	\$ 3,209,503
Interfund receivable	300,000	
Total assets	<u>600,401</u>	<u>\$ 3,209,503</u>
Liabilities		
Payroll deductions and withholdings payable		\$ 425,961
Summer payroll escrow payable		2,469,928
Accounts payable	58,117	
Due to student groups		313,614
Total liabilities	<u>58,117</u>	<u>\$ 3,209,503</u>
Net position		
Held in trust for unemployment claims	<u>\$ 542,284</u>	

Livingston Board of Education
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2020

	<u>Unemployment Compensation Trust</u>
Additions	
Interest income	\$ 2,678
Board contributions	300,000
Employee contributions	188,155
CARES Act Funding - COVID-19	67,114
Total additions	<u>557,947</u>
Deductions	
Unemployment claims paid	<u>286,885</u>
Total deductions	<u>286,885</u>
Change in net position	271,062
Net position-beginning of the year	271,222
Net position-end of the year	<u><u>\$ 542,284</u></u>

Livingston Board of Education

Notes to the Basic Financial Statements

Year ended June 30, 2020

1. Summary of Significant Accounting Policies

The financial statements of the Livingston Board of Education (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Livingston Board of Education in the Township of Livingston, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in the basic financial statements and are reported separately from business-type activities, which rely on a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires all funds be reported as major to promote consistency among school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, unfunded pension liabilities and capital leases, are recorded only when payment is due.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Property taxes, interest, and state aid associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

In accordance with GASB Statement No. 72, funds invested in solar renewable energy certificates associated with the current fiscal period are considered revenue under the full accrual and modified accrual basis of accounting. These investments, however, are not recognized on the budgetary basis of accounting until sold or expected to be sold within sixty days after year end.

The District has reported the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds and state aid that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund:

Food Service Enterprise Fund: The food service fund accounts for all revenues and expenses pertaining to cafeteria operations. 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 and services to the students or other entities on a continuing basis are financed or recovered primarily through user charges.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Additionally, the District reports the following fund types:

Fiduciary funds of the District include the unemployment compensation trust fund and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

Trust Funds: The unemployment compensation fund is accounted for in essentially the same manner as governmental funds. The unemployment compensation fund is used to account for board contributions, contributions from employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

As a general rule the effect of internal activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) fees charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

The District reports unearned revenue on its balance sheet and statement of net position. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and statement of net position and revenue is recognized.

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount certified

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." The County Board of Taxation is responsible for the assessment of properties and the Township Tax Collector is responsible for the collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

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 budgets are submitted to the county superintendent and approved by the Department of Education. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). 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 referred in N.J.A.C. 6A:23. All budget amendments must be approved by School Board resolution. The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

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

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

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less from the date of purchase.

Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and Statement No. 72 *Fair Value Measurement and Application*. The District 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 and are stated at cost. All other investments are stated at fair value.

F. Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed to/from a particular fund in the District and that are due within one year.

G. Inventories

Inventories that benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. The food service enterprise fund inventories are valued at cost, which approximates fair value, using the first-in, first-out (FIFO) method.

H. Capital Assets

Capital assets, which include land, buildings, property, plant and equipment and construction in progress, are reported in the applicable governmental activities in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are valued at their acquisition value on the date of acquisition.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

Property, plant and equipment of the District is depreciated using the straight line method (half year convention in first and last year). The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Machinery and equipment	3-20
Buildings	50-100
Building improvements	20
Solar panels	25
Vehicles	5-10

I. Accrued Salaries and Wages

Certain District employees who provided services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. The amount earned by these employees and not disbursed as of June 30, 2020 was \$2,469,928 and is included in liabilities-summer payroll escrow payable in the fiduciary fund.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

K. Deferred Loss on Defeasance of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest and other charges on long-term debt. The

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

amortization expense for the year ended June 30, 2020 amounted to \$205,052 and the remaining balance at June 30, 2020 is \$2,581,112.

L. Compensated Absences

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability. District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies. 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 one year of service.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments.

As of June 30, 2020, a liability existed for compensated absences in the government-wide financial statements in the amount of \$4,975,612.

M. Long-Term Obligations

In the government-wide financial statements and enterprise fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. 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.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

N. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

N. Fund Balances (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$11,285,293 of fund balance in the General Fund, \$3,389,775, has been restricted in the capital reserve account, \$1,000,000 has been restricted in an emergency reserve account, \$1,925,588 has been restricted for excess surplus-current year, \$830,211 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$381,585 of outstanding encumbrances is assigned to other purposes, \$469,789 of fund balance has been assigned and designated for subsequent year's expenditures and \$3,288,345 is unassigned. There is \$4,540,653 of fund balance in the Capital Projects Fund at June 30, 2020, which is restricted for capital projects. There is \$346,768 of fund balance at June 30, 2020 in the Debt Service Fund, of which \$150,000 has been budgeted for use in the 2020-21 budget.

O. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the government-wide and fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

P. Management Estimates

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

Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

Q. On-Behalf Payments (continued)

related to on behalf pension contributions in the government-wide financial statements have been increased by \$6,769,992 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

R. Calculation of Excess Surplus

The designation for restricted fund balance -- excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve general fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 was 2,755,799. Of this amount, \$830,211 has been appropriated in the 2020-21 budget and the remaining \$1,925,588 will be appropriated in the 2021-22 budget.

S. GASB Pronouncements

Recently Issued

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements (continued)

The GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61* in August 2018. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has determined that is Statement did not impact the District's financial statements.

The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. The requirements of this Statement are effective for periods beginning after December 15, 2020. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 18, 2021 the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

As of June 30, 2020, District operations and the ways in which education is provided have been disrupted by the outbreak of the novel coronavirus COVID-19. Going forward, COVID-19 could further limit the District's operations, including unexpected deferrals of tax payments from the municipality, deferrals or reductions in state aid or an increase in expenses associated with this or any other potential infectious disease outbreak. District management cannot reasonably predict how long the Pandemic in New Jersey is expected to last and how the outbreak may impact the financial condition or operations of the District. District management continues to monitor the Pandemic and plans to take action to address any significant impact on future operations.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable and related unamortized premium, capital leases payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds. The details of this \$91,886,904 difference are as follows:

Bonds payable	\$ 75,095,000
Premium on bonds and leases	7,220,601
Capital leases payable	4,595,691
Compensated absences	<u>4,975,612</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 91,886,904</u>

3. Deposits and Investments

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

Investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. 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 and are stated at cost. All other investments are stated at fair value.

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

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.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Deposits and Investments (continued)

such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that 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.

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2020, the carrying amount of the District's deposits was \$18,266,729 and the bank balance was \$19,934,623 not including funds deposited in NJCMF. Of the bank balance, \$500,000 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$16,497,395. \$2,937,228 held in the District agency accounts is not covered by GUDPA.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Deposits and Investments (continued)

Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.
- d. New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.

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.

The District has the following recurring fair value measurement as of June 30, 2020:

- Solar Renewable Energy Credits in the amount of \$40,920 are valued using quoted market prices (Level 1 inputs).

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Deposits and Investments (continued)

New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund (“NJCMF”). The NJCMF is administered by the State of New Jersey, Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The fair value of the District’s portion in the pool is the same as the fair value of the pool shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty.

All investments in the Fund are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

The District has investments in the New Jersey Cash Management Fund in the amount of \$151,904, which are classified as cash equivalents and are considered uncategorized.

Custodial Credit Risk: Pursuant to GASB 40, the NJCMF which is a pooled investment is exempt from custodial credit risk exposure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The debt instruments in the NJCMF are rated by three national rating agencies.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District’s investment in the NJCMF, is less than one year.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2020, all of the District’s investments were invested in NJCMF and SRECs.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2020:

	Beginning Balance	Increases	Ending Balance
Governmental activities:			
Capital assets, not being depreciated:			
Land	\$ 3,253,263		\$ 3,253,263
Total capital assets, not being depreciated	3,253,263		3,253,263
Capital assets, being depreciated:			
Land improvements	2,891,343		2,891,343
Buildings and building improvements	193,335,613	\$ 1,086,352	194,421,965
Machinery, equipment and vehicles	17,818,890	2,521,639	20,340,529
Total capital assets being depreciated	214,045,846	3,607,991	217,653,837
Less accumulated depreciation for:			
Land improvements	(2,311,658)	(56,463)	(2,368,121)
Buildings and building improvements	(50,076,917)	(4,886,176)	(54,963,093)
Machinery, equipment and vehicles	(12,608,728)	(1,261,083)	(13,869,811)
Total accumulated depreciation	(64,997,303)	(6,203,722)	(71,201,025)
Total capital assets, being depreciated, net	149,048,543	(2,595,731)	146,452,812
Governmental activities capital assets, net	\$ 152,301,806	\$ (2,595,731)	\$ 149,706,075

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

4. Capital Assets (continued)

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

Current:	
Instruction	\$ 3,608,422
Undistributed – current:	
Instruction	434,702
Attendance/social work	4,203
Health services	60,093
Support services	567,606
Improvement of instruction	152,372
Other support – instruction staff	43,576
School library	86,034
General administration	74,391
School administration	277,329
Required maintenance of plant services	83,004
Operation of plant	375,161
Student transportation	222,211
Central services	101,214
Administrative information technology	113,404
Total depreciation expense – governmental activities	\$ 6,203,722

The following is a summary of business-type activity changes in capital assets for the year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activity:				
Capital assets, being depreciated:				
Equipment	\$ 341,917	\$ 3,405	\$ (5,399)	\$ 339,923
Less accumulated depreciation for:				
Equipment	(163,081)	(37,083)	374	(199,790)
Business-type activity capital assets, net	\$ 178,836	\$ (33,678)	\$ (5,025)	\$ 140,133

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 4,887,203	\$ 499,968	\$ 411,559	\$ 4,975,612	\$ 456,329
Premium on bonds	7,587,018		480,325	7,106,693	480,325
Premium on capital lease		134,009	20,101	113,908	26,802
Serial bonds payable	79,915,000		4,820,000	75,095,000	5,010,000
Obligations under capital leases	4,024,052	2,441,000	1,869,361	4,595,691	1,671,436
Subtotal	96,413,273	3,074,977	7,601,346	91,886,904	7,644,892
Net pension liability	27,314,488		1,300,645	26,013,843	
Governmental activities long-term liabilities	<u>\$ 123,727,761</u>	<u>\$ 3,074,977</u>	<u>\$ 8,901,991</u>	<u>\$ 117,900,747</u>	<u>\$ 7,644,892</u>

The debt service fund is utilized to liquidate the serial bonds payable. The general fund liquidates the liabilities associated with compensated absences and obligations under capital leases. The net pension liability will be liquidated with payments from the general fund.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type activities:					
Purchase agreement payable	\$ 115,501	\$ 3,405	\$ 30,787	\$ 84,714	\$ 25,588
Business-type activities long-term liabilities	<u>\$ 115,501</u>	<u>\$ 3,405</u>	<u>\$ 30,787</u>	<u>\$ 84,714</u>	<u>\$ 25,588</u>

Bonds Payable

Bonds are authorized in accordance with State law or by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. The principal and interest of these bonds will be paid from the debt service fund as required by New Jersey statutes.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities (continued)

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

	Principal	Interest	Total
Year ending June 30:			
2021	\$ 5,010,000	\$ 3,161,250	\$ 8,171,250
2022	5,425,000	2,963,300	8,388,300
2023	5,460,000	2,731,675	8,191,675
2024	5,190,000	2,505,050	7,695,050
2025	5,140,000	2,280,363	7,420,363
2026-2030	22,940,000	8,209,150	31,149,150
2031-2035	18,460,000	4,465,088	22,925,088
2036-2039	7,515,250	45,250	7,515,250
	\$ 75,095,000	\$26,361,126	\$101,456,126

At June 30, 2020, there are bonds and notes authorized but not issued in the amount of \$6,410,849.

Bonds payable at June 30, 2020 are comprised of the following issues:

\$12,405,000, 2010 school refunding bonds due in annual installments ranging from \$475,000 to \$1,475,000, through July 2022 at an interest rate of 4.0%.

\$9,000,000, 2010 school bonds with the final annual installment of \$1,000,000 due July 2020 at an interest rate of 2.50%.

\$8,500,000, 2013 school bonds due in annual installments ranging from \$350,000 to \$700,000 through August 2028 at interest rates ranging from 2.0% to 3.0%.

\$8,500,000, 2015 school bonds due in annual installments ranging from \$350,000 to \$700,000 through August 2030 at interest rates ranging from 2.0% to 3.0%.

\$61,010,000, 2016 school refunding bonds due in annual installments ranging from \$1,355,000 to \$3,945,000 through July 2037 at interest rates ranging from 4.0% to 5.0%.

Capital Leases Payable

The District has remaining capital leases totaling \$4,595,691 with interest rates ranging from 1.61% to 5.00%. The terms of the leases are from three to five years. The following is a schedule of the future

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities (continued)

minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2020:

Fiscal year:	<u>Amount</u>
2021	\$ 1,863,691
2022	1,317,325
2023	1,246,395
2024	405,311
2025	<u>123,000</u>
Total minimum lease payments	4,955,722
Less: amount representing interest	<u>(360,031)</u>
Present value of net minimum lease payments	<u>\$ 4,595,691</u>

Many of the assets acquired through the capital leases are below the capitalization threshold of the District. Assets capitalized through capital leases at June 30, 2020 are as follows:

Machinery, equipment and vehicles	\$ 13,537,445
Less accumulated depreciation	<u>(9,276,698)</u>
Total	<u>\$ 4,260,747</u>

Purchase Agreement Payable – Enterprise Fund

The District's food services agreement with Aramark authorizes Aramark to purchase food service equipment for use on the District's premises. The District reimburses Aramark, interest free, on a monthly basis for a term of three or five years, based on the useful life of the equipment.

The following is a schedule of future payments under the purchase agreement payable at June 30, 2020:

Fiscal Year:	<u>Amount</u>
2021	\$ 25,588
2022	21,725
2023	20,456
2024	<u>16,945</u>
Total purchase agreement payable	<u>\$ 84,714</u>

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans

Description of Systems

A substantial number of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan. In addition, a number of employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. The plan is administered by Prudential Financial for the State.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all fulltime public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all fulltime employees of the State or any county, municipality, school district or public agency, provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a) et seq., and is a "governmental plan" within the meaning of IRC 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007 who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn a salary of at least \$5,000 annually.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS are 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. DCRP plan members are

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

required to contribute 5.5% of their annual covered salary. In addition to employee contributions, the employer is required to contribute 3% of the covered salary to the DCRP.

The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2020, the State of New Jersey contributed \$15,161,511 to the TPAF for on-behalf medical benefits, long-term disability insurance and pension contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$3,890,250 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the Government-wide and fund financial statements.

The District's actuarially determined contributions to PERS for the years ended June 30, 2020, 2019 and 2018 were \$1,404,331, \$1,379,877, and \$1,286,091, respectively, equal to the required contributions for each year.

For the years ended June 30, 2020, 2019, and 2018, employee contributions to DCRP were \$222,094, \$232,137 and \$197,404, respectively. Employer contributions for the years ended June 30, 2020, 2019, and 2018 were \$163,543, \$171,115 and \$145,262, respectively.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Public Employee's Retirement System (PERS)

At June 30, 2020, the District reported a liability of \$26,013,843 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 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

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.1443731008 percent, which was a decrease of 0.0056469503 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized full accrual pension expense of \$323,726 in the government-wide financial statements. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,597,578	\$ 9,029,322
Difference between expected and actual experience	466,914	114,918
Changes in proportion	1,933,516	
Net difference between projected and actual earnings on pension plan investments		410,639
Changes in proportion and differences between District contributions and proportionate share of contributions		98,508
District contributions subsequent to the measurement date	1,584,185	
	\$ 6,582,193	\$ 9,653,387

\$1,584,185 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ (184,556)
2022	(1,773,989)
2023	(1,816,428)
2024	(817,355)
2025	(63,051)
	\$ (4,655,379)

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Actuarial Assumptions

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

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%

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019 and 5.66% as of June 30, 2018. 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

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2057 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 District's proportionate share of the net pension liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	At 1% decrease (5.28%)	At current discount rate (6.28%)	At 1% increase (7.28%)
District's proportionate share of the net pension liability	\$ 32,859,711	\$ 26,013,843	\$ 20,245,229

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances - Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 3,149,522,616
Deferred inflows of resources	\$ 7,645,087,574
Net pension liability	\$ 18,143,832,135
District's Proportion	0.1443731008%

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 is \$974,471,686.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years, respectively.

Teachers Pensions and Annuity Fund (TPAF) – 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2019 was \$302,164,913. The District's proportionate share was \$0.

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 State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State's proportionate share of the TPAF net pension liability associated with the District was 0.4923582618 percent, which was an increase of 0.0096661612 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$17,822,494 for contributions incurred by the State.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	1.55 – 4.55%
	based on years of service
Thereafter	2.75 – 5.65%
	based on years of service
Investment rate of return	7.00%

Mortality Rates

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage by adding expected inflation.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019 and 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 70% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's proportionate share of the net pension liability associated with the District 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 proportionate share of the net pension liability associated with the District would be

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

if it were calculated using a discount rate that is 1- percentage-point lower (4.60 percent) or 1- percentage-point higher (6.60 percent) than the current rate:

	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	\$ 356,319,312	\$ 302,164,913	\$ 257,233,862

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 10,077,460,797
Deferred inflows of resources	\$ 17,525,379,167
Net pension liability	\$ 61,370,943,870
District's Proportion	0.4923582618%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2019 is \$3,642,191,152. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2019, 2018, 2017, 2016, 2015, and 2014 is 8.04, 8.29, 8.30, 8.30, 8.30, and 8.50 years, respectively.

7. Post-Retirement Benefits

Plan description and benefits provided

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health benefits) for State Health Benefit Local Education Retired Employees 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

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

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 in a disability pension from one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) 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 health care coverage in retirement provided that they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement coverage.

Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees. The total nonemployer OPEB liability does not include certain other postemployment obligations that are provided by the local education employers.

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2020, 2019 and 2018 were \$4,100,276, \$4,484,364 and \$4,702,548, respectively, which equaled the required contributions for each year.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2019, the State contributed

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

\$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have remained consistent with Fiscal Year 2018 amounts. The State has appropriated \$1.612 billion in Fiscal Year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

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

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Total OPEB Liability

The total non-employer (State) OPEB liability from New Jersey's plan is \$41,729,081,045.

Changes in Total OPEB Liability

Below represents the changes in the State's portion of the OPEB liability associated with the District for the year ended June 30, 2020:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability June 30, 2018	\$ 169,878,676
Changes for the year	
Service cost	6,507,141
Interest	6,737,011
Difference between expected and actual experience	(24,699,104)
Changes in assumptions or other inputs	2,327,485
Member contributions	142,044
Benefit payments	(4,791,848)
Net changes	<u>(13,777,271)</u>
Ending Total OPEB Liability June 30, 2019	<u>\$ 156,101,405</u>

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

Employees covered by benefit terms

The following employees were covered by the benefit terms:

Local Education Group	June 30, 2019
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Receiving Benefits	-
Total Plan Members	364,943

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the District as of June 30, 2020 was \$156,101,405. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Actuarial assumptions and other inputs

The total nonemployer OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

	TPAF	PERS
Inflation rate	2.50%	2.50%
Salary increases:		
Through 2026	1.55-3.05%	2.00-6.00%
	based on years of service	based on years of service
Thereafter	1.55-3.05%	3.00-7.00%
	based on years of service	based on years of service

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the actual experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

Mortality Rates

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

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions

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

The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost trend rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

	At 1% Decrease (2.50%)	At Current Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 184,417,446	\$ 156,101,405	\$ 133,608,694

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2019 calculated using the healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	At a 1% Decrease	At Healthcare Cost Trend Rates	At a 1% Increase
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 128,620,600	\$ 156,101,405	\$ 192,480,348

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

For the year ended June 30, 2020, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$4,585,140 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 1,921,145,183
Deferred inflows of resources	\$ 20,887,639,826
Collective OPEB expense	\$ 1,015,664,874
District's Proportion	0.37%

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State. Therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2020 is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 811,462	\$ 781,782
Special Revenue Fund		712,408
Capital Projects Fund	481,782	124,438
Debt Service Fund	50,806	
Food Service Enterprise Fund		25,422
Unemployment Compensation Trust Fund	300,000	
	<u>\$ 1,644,050</u>	<u>\$ 1,644,050</u>

The net interfund of \$408,150 between the capital projects fund and the general fund represents \$73,632 interest earned in the capital projects fund that has not been turned over to the general fund at June 30, 2020. New Jersey statutes require that interest earned on the investments in the capital projects fund be credited to the general or debt service fund. This includes prior year and current year interest. The interfund payable from the general fund to the capital projects fund represents general fund expenditures paid out of the capital projects fund. The interfund payable from the capital projects fund to the debt service fund represents SDA revenue received in 2019-20 that will be used pay debt service obligations.

The interfund between the food service enterprise fund and the general fund in the amount of \$25,422 represents excess transferred from the general fund to the enterprise fund that was made during the year and is due back to the general fund as of June 30, 2020.

The interfund between the unemployment compensation trust fund and the general fund represents a District contribution to the unemployment compensation trust fund in which the cash was not transferred as of June 30, 2020.

All interfunds are expected to be liquidated within one year.

9. Economic Dependency

The District 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, could have an effect on the District's programs and activities.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies. The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

11. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained insurance coverage to guard against these events which will provide minimum exposure to the District should they occur.

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

11. Risk Management (continued)

The following is a summary of contributions, payments to the State for benefits paid and the ending balance of the District's unemployment trust fund for the past three years:

Fiscal Year	Contributions and Interest Earned	Deductions	Ending Balance
2019-20	\$ 557,947	\$ 286,885	\$ 542,284
2018-19	94,792	159,624	271,222
2017-18	136,040	126,384	336,052

12. Transfers – Reconciliation

The following represents transfers between funds during the year ended June 30, 2020:

	Transfers In	Transfers Out
General Fund	\$ 14,010	\$ 64,207
Capital Projects Fund		64,816
Debt Service Fund	115,013	
	\$ 129,023	\$ 129,023

The transfer from the capital projects fund to the general fund represents interest earned. New Jersey statutes require that interest earned on the investments in the capital projects fund be credited to the general or debt service fund. The transfer from the general fund to the debt service fund represents earnings from SRECs recorded in general fund that were transferred to the debt service fund where the revenue was budgeted.

13. Capital Reserve Account

Capital reserve accounts may be established by New Jersey school districts 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 accounts are restricted to capital projects in the District's Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

13. Capital Reserve Account (continued)

item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by separate proposal at budget time or by a special question at one of the four special elections pursuant to N.J.S.A. 19:60-2.

Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRF.

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

Beginning balance, July 1, 2019	\$ 2,382,949
Interest earnings	6,826
Deposit per June 2020 resolution	<u>1,000,000</u>
Ending balance, June 30, 2020	<u>\$ 3,389,775</u>

The June 30, 2020 capital reserve balance does not exceed local support costs identified in the District's Long Range Facility Plan at June 30, 2020. The District has not budgeted any capital reserve funds for use in the District's 2020-21 fiscal year.

14. Emergency Reserve Account

The District elected to establish a reserve to be used to accumulate funds for the current expense emergency reserve, and in accordance with N.J.S.A. 18A:7F-41 and NJAC 6A:23A-14.4(a)(1), passed a board resolution authorizing the establishment of an emergency reserve account in the District's General Fund. As allowed by N.J.S.A. 18A:7F-41 and N.J.A.C. 6A:23A-14.4(a)(1) the District can pass a board resolution to deposit funds into an emergency reserve account between June 1 and June 30 of each budget year.

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

Beginning balance, July 1, 2019	\$ 323,335
Deposit per June 2020 resolution	<u>676,665</u>
Ending balance, June 30, 2020	<u>\$ 1,000,000</u>

15. Restricted Assets

The District has \$4,389,775 of capital reserve and emergency reserve funds that are classified as restricted assets on the statement of net position because they are restricted by the New Jersey Department of Education codified in Administrative Code to be utilized for future capital projects that have been approved in the District's Long-Range Facility Plan and emergencies.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

16. Commitments

The District has \$381,585 in commitments to vendors that are reported in the balance sheet of the general fund as assigned to other purposes.

17. GASB 77 Tax Abatements

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

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provision at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

For the 2019 year, the Township recognized revenue of \$67,727 from the annual service charge in lieu of payment of taxes, while the taxes that would have been paid for this property were \$153,557, resulting in a reduction of taxes collected by the Township of \$89,830. A portion of this would have been allocated to the District.

18. Liquidity, Management Plans and Intentions

Due to the COVID-19 Pandemic, the District closed its schools on March 16, 2020 and continued to provide online instruction to its students through the end of the school year. The Pandemic did not have a significant impact on the financial statements of the District for the year ended June 30, 2020. However, the Pandemic did result in the State of New Jersey taking steps to reduce the amount of state aid to be provided to the District in the 2020-21 fiscal year subsequent to the District's adoption of its budget. Management has taken steps to reduce certain expenses related to operating the District and also plans to utilize existing funds to balance its budget for the 2020-21 fiscal year, if needed. Management believes that the unassigned fund balance available as of June 30, 2020 and the anticipated revenues from state aid, taxes and other revenues will be sufficient to meet the District's financial needs for one year from the date of the issuance of this report.

Required Supplementary Information
Part II

Schedules Related to Accounting and Reporting
For Pensions and Other Postemployment Benefits

Livingston Board of Education
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employee's Retirement System
 Required Supplementary Information
 Last Ten Fiscal Years*

	Year ended June 30.									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - Local Group	0.1443731008%	0.1387261505%	0.1388277676%	0.1342613886%	0.1263054356%	0.1261425514%	0.1325548871%	Not available	Not available	Not available
District's proportionate share of the net pension liability (asset)	\$ 26,013,845	\$ 27,314,488	\$ 32,316,885	\$ 39,764,372	\$ 28,353,039	\$ 23,617,336	\$ 25,333,873	Not available	Not available	Not available
District's covered payroll	\$ 10,124,857	\$ 9,927,347	\$ 9,557,009	\$ 9,354,907	\$ 8,637,855	\$ 8,554,915	\$ 8,651,763	\$ 8,831,222	\$ 8,801,531	\$ 10,343,746
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	256.93%	275.14%	338.15%	425.06%	328.24%	276.07%	292.82%	Not available	Not available	Not available
Plan fiduciary net position as a percentage of the total pension liability - Local Group	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	Not available	Not available	Not available

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

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Livingston Board of Education
 Schedule of District Contributions
 Public Employee's Retirement System
 Required Supplementary Information
 Last Ten Fiscal Years *

	Year ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,404,331	\$ 1,379,877	\$ 1,286,091	\$ 1,192,759	\$ 1,123,789	\$ 1,085,888	\$ 1,039,901	\$ 998,774	\$ 1,004,737	\$ 1,172,517
Contributions in relation to the contractually required contribution	(1,404,331)	(1,379,877)	(1,286,091)	(1,192,759)	(1,123,789)	(1,085,888)	(1,039,901)	(998,774)	(1,004,737)	(1,172,517)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,254,116	\$ 10,124,857	\$ 9,927,347	\$ 9,557,009	\$ 9,354,907	\$ 8,637,855	\$ 8,554,915	\$ 8,651,763	\$ 8,831,222	\$ 8,801,531
Contributions as a percentage of covered payroll	13.70%	13.65%	12.96%	12.48%	12.01%	12.57%	12.16%	11.54%	11.38%	13.32%

Livingston Board of Education
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
 Teachers' Pension and Annuity Fund
 Required Supplementary Information
 Last Ten Fiscal Years*

	Year ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.4923582618%	0.4826921006%	0.4700542605%	0.4547057578%	0.4577869858%	0.4517288047%	0.4492756174%	Not available	Not available	Not available
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 302,164,913	\$ 307,078,346	\$ 316,927,532	\$ 357,700,500	\$ 289,340,924	\$ 230,744,995	\$ 227,060,363	Not available	Not available	Not available
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 302,164,913</u>	<u>\$ 307,078,346</u>	<u>\$ 316,927,532</u>	<u>\$ 357,700,500</u>	<u>\$ 289,340,924</u>	<u>\$ 230,744,995</u>	<u>\$ 227,060,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	27.96%	28.71%	33.64%	33.76%	Not available	Not available	Not available

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

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Livingston Board of Education
Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
and Changes in the Total OPEB Liability and Related Ratios
Public Employees' Retirement System and Teachers' Pension and Annuity Fund
Required Supplementary Information
Last Ten Fiscal Years*

M-1

	<u>Year Ended June 30,</u> 2020	<u>Year Ended June 30,</u> 2019	<u>Year Ended June 30,</u> 2018	<u>Year Ended June 30,</u> 2017
State's proportion of the net OPEB liability (asset) associated with the District -	0.36%	0.36%	0.36%	0.36%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 156,101,405	\$ 169,878,676	\$ 194,419,690	\$ 209,408,366
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 156,101,405</u>	<u>\$ 169,878,676</u>	<u>\$ 194,419,690</u>	<u>\$ 209,408,366</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Total OPEB Liability	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2017**</u>
Service cost	6,507,141	7,057,004	8,516,952	
Interest cost	6,737,011	7,135,055	6,149,498	
Differences between expected and actual experience	(24,699,104)	(14,853,146)	-	
Changes in assumptions	2,327,485	(19,494,428)	(25,317,771)	
Member contributions	142,044	156,996	165,818	
Gross benefit payments	(4,791,848)	(4,542,495)	(4,503,173)	
Net change in the total OPEB liability	<u>(13,777,271)</u>	<u>(24,541,014)</u>	<u>(14,988,676)</u>	
Total OPEB liability - beginning	<u>169,878,676</u>	<u>194,419,690</u>	<u>209,408,366</u>	
Total OPEB liability - ending	<u>\$ 156,101,405</u>	<u>\$ 169,878,676</u>	<u>\$ 194,419,690</u>	
Covered-employee payroll	<u>\$ 63,132,929</u>	<u>\$ 62,791,654</u>	<u>\$ 60,741,598</u>	
Total OPEB liability as a percentage of covered-employee payroll	247.26%	270.54%	320.08%	

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

** Information not available

Livingston Board of Education
Notes to Required Supplementary Information
Year ended June 30, 2020

PENSION - PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

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

PENSION - TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.86 % as of June 30, 2018 to 5.60% as of June 30, 2019.

OTHER POST-RETIREMENT BENEFIT PLAN – PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

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

Required Supplementary Information
Part III

Budgetary Comparison Schedules

Livingston Board of Education
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 108,543,274		\$ 108,543,274	\$ 108,543,272	\$ (2)
Tuition	12,500		12,500	137,582	125,082
Tuition from other LEA's	120,000		120,000	180,488	60,488
Transportation fees from individuals	300,000		300,000	71,247	(228,753)
Interest on investments	50,000		50,000	89,699	39,699
Rental income	350,000		350,000	338,912	(11,088)
Miscellaneous	255,000		255,000	123,701	(131,299)
Total - local sources	109,630,774		109,630,774	109,484,901	(145,873)
State sources:					
Extraordinary aid	300,000		300,000	1,729,264	1,429,264
TPAF - post retirement medical (on behalf - non-budgeted)				4,100,276	4,100,276
Teacher's Pension and Annuity Fund (on behalf-non-budgeted)				11,052,502	11,052,502
Reimbursed TPAF social security (non-budgeted)				3,890,250	3,890,250
TPAF - long-term disability insurance (non-budgeted)				8,733	8,733
Additional nonpublic transportation aid				3,227	3,227
Transportation aid	1,303,530		1,303,530	1,303,530	
Security aid	434,880		434,880	434,880	
Categorical Special Education aid	2,874,002		2,874,002	2,874,002	
Total - state sources	4,912,412		4,912,412	25,396,664	20,484,252
Federal Sources:					
Medical Assistance	38,099		38,099	10,990	(27,109)
Total - federal sources	38,099		38,099	10,990	(27,109)
Total revenues	114,581,285		114,581,285	134,892,555	20,311,270
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	46,270	2,055	48,325	48,325	
Kindergarten	1,721,126	(107,388)	1,613,738	1,613,737	1
Grades 1-5	11,127,602	(516,188)	10,611,414	10,586,657	24,757
Grades 6-8	8,784,465	(40,000)	8,744,465	8,744,463	2
Grades 9-12	13,415,764	209,476	13,625,240	13,623,808	1,432
Home instruction:					
Salaries of teachers	150,000	(54,670)	95,330	95,327	3
Purchased professional-educational services	68,000		68,000	28,207	39,793
Undistributed instruction:					
Other salaries for instruction	440,567	64,772	505,339	505,339	
Purchased professional-educational services	127,500	7,167	134,667	114,877	19,790
Purchased technical services	1,500		1,500		1,500
Other purchased services	39,418	1,305	40,723	26,335	14,388
General supplies	1,206,107	77,227	1,283,334	1,004,891	278,443
Textbooks	441,263	(59,947)	381,316	354,360	26,956
Other objects	15,525	(647)	14,878	5,622	9,256
Total instruction - regular programs	37,585,107	(416,838)	37,168,269	36,751,948	416,321

Livingston Board of Education
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special education:					
Learning and/or language disabilities:					
Salaries of teachers	\$ 554,628	\$ (28,981)	\$ 525,647	\$ 525,647	
Other salaries for instruction	3,572,827	(254,522)	3,318,305	3,308,649	\$ 9,656
General supplies	5,000		5,000	3,716	1,284
Total learning and/or language disabilities	4,132,455	(283,503)	3,848,952	3,838,012	10,940
Multiple Disabilities:					
Salaries of Teachers	338,319	(34,335)	303,984	303,984	
Other salaries for instruction	886,425	306,528	1,192,953	1,192,952	1
General supplies	23,000		23,000	22,251	749
Total multiple disabilities	1,247,744	272,193	1,519,937	1,519,187	750
Resource room/center:					
Salaries of teachers	5,265,200	243,215	5,508,415	5,508,415	
General supplies	40,000		40,000	38,888	1,112
Total resource room/center	5,305,200	243,215	5,548,415	5,547,303	1,112
Preschool disabilities - part time:					
Salaries of teachers	213,557	(47,970)	165,587	165,587	
Other salaries for instruction	211,694	(95,115)	116,579	116,579	
General supplies	8,000		8,000	7,521	479
Total preschool disabilities - part time	433,251	(143,085)	290,166	289,687	479
Preschool disabilities - full time:					
Salaries of teachers	57,031	42,865	99,896	99,895	1
Other salaries for instruction	27,600	8,944	36,544	36,544	
Total preschool disabilities-full time	84,631	51,809	136,440	136,439	1
Total special education	11,203,281	140,629	11,343,910	11,330,628	13,282
Bilingual education:					
Salaries of teachers	713,194	2,965	716,159	716,159	
Total bilingual education	713,194	2,965	716,159	716,159	
Basic skills/remedial instruction:					
Salaries of teachers	1,190,588	36,696	1,227,284	1,227,283	1
General supplies	1,600		1,600		1,600
Total basic skills/remedial instruction	1,192,188	36,696	1,228,884	1,227,283	1,601
Vocational programs - local instruction:					
Salaries of teachers	38,702	1	38,703	38,703	
Other purchased services	4,000		4,000	1,540	2,460
General supplies	8,000		8,000	7,748	252
Other objects	500		500	81	419
Total vocational programs - local instruction	51,202	1	51,203	48,072	3,131

Livingston Board of Education
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School - sponsored cocurricular activities:					
Salaries	\$ 451,656	\$ (59,239)	\$ 392,417	\$ 392,417	
Purchased services	18,265		18,265	4,191	\$ 14,074
Supplies and materials	27,200		27,200	15,125	12,075
Other objects	13,400		13,400	12,768	632
Total school - sponsored cocurricular activities	510,521	(59,239)	451,282	424,501	26,781
School - sponsored athletics - instruction:					
Salaries	919,993	19,121	939,114	939,114	
Purchased services	138,545		138,545	75,522	63,023
Supplies and materials	95,043	123	95,166	85,832	9,334
Total school - sponsored athletics - instruction	1,153,581	19,244	1,172,825	1,100,468	72,357
Other instructional programs:					
Purchased services	45,000		45,000	33,803	11,197
Total other instructional programs	45,000		45,000	33,803	11,197
Other supplemental/at-risk programs-instruction:					
Salaries of reading specialists	1,031,686	(47,536)	984,150	984,149	1
Total other supplemental/at-risk programs-instruction	1,031,686	(47,536)	984,150	984,149	1
Total instruction	53,485,760	(324,078)	53,161,682	52,617,011	544,671
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state-special	691,364		691,364	525,129	166,235
Tuition to private school for the disabled - within state	5,805,160		5,805,160	5,662,774	142,386
Tuition to priv sch for the disabled & oth LEAs-Spl, O/S St	411,143		411,143	411,108	35
Total undistributed instruction	6,907,667		6,907,667	6,599,011	308,656
Attendance and social work services:					
Salaries	63,807		63,807	63,807	
Total attendance and social work services	63,807		63,807	63,807	
Health services:					
Salaries	898,549	4,082	902,631	902,631	
Supplies and materials	28,859	6,738	35,597	9,621	25,976
Total health services	927,408	10,820	938,228	912,252	25,976

Livingston Board of Education
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Speech, OT, PT & related services:					
Salaries	\$ 1,025,424	\$ 44,831	\$ 1,070,255	\$ 1,070,254	\$ 1
Purchased professional - educational services	346,919	9,152	356,071	285,438	70,633
Supplies and materials	11,800		11,800	10,800	1,000
Total speech, OT, PT & related services	1,384,143	53,983	1,438,126	1,366,492	71,634
Other support services - students - extra services:					
Purchased professional - educational services	871,585		871,585	646,126	225,459
Total other support services - students - extra services	871,585		871,585	646,126	225,459
Guidance:					
Salaries of other professional staff	1,924,335	33,839	1,958,174	1,958,174	
Salaries of secretarial and clerical assistants	237,559	(13,000)	224,559	224,559	
Other purchased professional - technical services	15,673		15,673	12,450	3,223
Other purchased services	700		700	396	304
Supplies and materials	29,135		29,135	21,635	7,500
Total guidance	2,207,402	20,839	2,228,241	2,217,214	11,027
Child study teams:					
Salaries of other professional staff	3,320,617	211,162	3,531,779	3,531,779	
Salaries of secretarial and clerical assistants	309,132	(7,009)	302,123	302,122	1
Purchased professional - educational services	100,000	17	100,017	76,978	23,039
Other purchased prof. and tech. services	30,000		30,000	28,931	1,069
Other purchased serv.	8,000		8,000	1,920	6,080
Supplies and materials	20,000		20,000	18,912	1,088
Other objects	8,000		8,000	5,681	2,319
Total child study teams	3,795,749	204,170	3,999,919	3,966,323	33,596
Improvement of instructional services:					
Salaries of supervisors of instruction	1,894,482	(75,674)	1,818,808	1,818,807	1
Salaries of other professional staff	182,774	(2,541)	180,233	180,232	1
Salaries of secretaries and clerical assistants	253,008	2,574	255,582	255,581	1
Purchased professional - educational services	41,000		41,000	38,276	2,724
Supplies and materials	27,104	(407)	26,697	15,878	10,819
Other objects	9,300	30	9,330	4,313	5,017
Total improvement of instructional services	2,407,668	(76,018)	2,331,650	2,313,087	18,563

Livingston Board of Education
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Educational media services/school library:					
Salaries	\$ 1,113,549	\$ 34,428	\$ 1,147,977	\$ 1,147,976	\$ 1
Other purchased services	7,854	(2,728)	5,126	3,067	2,059
Supplies and materials	175,364	(5,731)	169,633	154,710	14,923
Other objects	318		318	288	30
Total educational media services/school library	1,297,085	25,969	1,323,054	1,306,041	17,013
Instructional staff training services:					
Salaries of supervisors of instruction	473,609	88,275	561,884	561,883	1
Purchased professional - educational services	40,100		40,100	36,282	3,818
Other purchased services	61,964	850	62,814	44,659	18,155
Supplies and materials	15,060		15,060	14,564	496
Other objects	7,430		7,430	4,125	3,305
Total instructional staff training services	598,163	89,125	687,288	661,513	25,775
Support services-general administration:					
Salaries	399,404	(22,846)	376,558	376,558	
Legal services	200,000		200,000	138,121	61,879
Audit services	62,000		62,000	56,960	5,040
Other purchased prof. services	10,000		10,000	9,769	231
Purchased technical services	10,000	6,000	16,000	15,509	491
Communications/telephone	225,000		225,000	220,021	4,979
BOE other purchased services	1,000		1,000	444	556
Miscellaneous purchased services	239,100	2,000	241,100	228,995	12,105
General supplies	23,000	(446)	22,554	17,066	5,488
Miscellaneous expenditures	72,000		72,000	65,850	6,150
Total support services-general administration	1,241,504	(15,292)	1,226,212	1,129,293	96,919
Support services-school administration:					
Salaries of principals/ assistant principals	2,000,376	70,193	2,070,569	2,070,568	1
Salaries of other professional staff	337,157	7,915	345,072	345,072	
Salaries of secretarial and clerical assistants	1,370,939	5,596	1,376,535	1,376,534	1
Purchased professional and technical services	46,500	(1,400)	45,100	33,078	12,022
Other purchased services	65,109	(3,000)	62,109	30,907	31,202
Supplies and materials	389,223	19,831	409,054	353,842	55,212
Total support services-school administration	4,209,304	99,135	4,308,439	4,210,001	98,438
Required maintenance for school facilities:					
Salaries	902,853		902,853	901,593	1,260
Cleaning, repair and maintenance services	256,000		256,000	227,972	28,028
General supplies	140,000		140,000	130,487	9,513
Total required maintenance for school facilities	1,298,853		1,298,853	1,260,052	38,801

Livingston Board of Education
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Operation and maintenance of plant services-					
Custodial services:					
Salaries	\$ 2,675,835		\$ 2,675,835	\$ 2,581,096	\$ 94,739
Purchased professional and technical services	40,000		40,000	30,895	9,105
Cleaning, repair and maintenance services	102,000	\$ 1,069	103,069	100,559	2,510
Rental of land and bldg. other than lease purch. agreements	146,088		146,088	146,087	1
Other purchased property services	70,000		70,000	52,397	17,603
Insurance	530,000	35,106	565,106	564,569	537
General supplies	500,000	32,712	532,712	517,173	15,539
Energy (Natural Gas and Electricity)	1,590,000		1,590,000	1,368,361	221,639
Total custodial services	5,653,923	68,887	5,722,810	5,361,137	361,673
Operation and maintenance of plant services-					
care and upkeep of grounds:					
Salaries	65,143		65,143	65,143	
Total care and upkeep of grounds	65,143		65,143	65,143	
Security:					
Salaries	248,864	20,000	268,864	268,864	
Total security	248,864	20,000	268,864	268,864	
Total operation and maintenance of plant services	7,266,783	88,887	7,355,670	6,955,196	400,474
Student transportation services:					
Salaries for pupil transportation:					
Salaries of non-instructional aides	179,556	(139,679)	39,877	38,353	1,524
Between home and school - regular	1,090,469		1,090,469	1,090,469	
Other than bet. home & sch - regular	300,000		300,000	294,482	5,518
Contracted services:					
Other than bet. home & sch - vendors	170,624		170,624	101,708	68,916
Special ed stds - vendors	1,300,000	200,000	1,500,000	1,489,359	10,641
Aid in lieu of payments - nonpublic	145,000	1	145,001	106,827	38,174
General supplies	290,000		290,000	247,995	42,005
Other objects	7,000		7,000	4,091	2,909
Total student transportation services	3,482,649	60,322	3,542,971	3,373,284	169,687
Undistributed expenditures - central services:					
Salaries	1,206,143	24,111	1,230,254	1,230,254	
Purchased professional services	164,000	30,000	194,000	145,156	48,844
Misc purch serv	27,000		27,000	15,303	11,697
Supplies and materials	67,500	(6,292)	61,208	60,031	1,177
Interest on lease purchase agreements	80,671		80,671	80,642	29
Miscellaneous expenditures	6,000		6,000	5,100	900
Total central services	1,551,314	47,819	1,599,133	1,536,486	62,647
Admin. info. tech.:					
Salaries	1,031,819	43,049	1,074,868	1,074,867	1
Purchased professional services	41,200		41,200	36,670	4,530
Other purchased services	583,386	74,180	657,566	601,890	55,676
Supplies and materials	18,811		18,811	8,110	10,701
Total admin. info. tech.	1,675,216	117,229	1,792,445	1,721,537	70,908

Livingston Board of Education
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Unallocated benefits - empl benefits:					
Social security contributions	\$ 1,540,000		\$ 1,540,000	\$ 1,503,952	\$ 36,048
Other retirement contributions - PERS	1,600,000	\$ (150,000)	1,450,000	1,429,422	20,578
Other retirement contributions - Regular		150,000	150,000	137,335	12,665
Worker's compensation	500,000	(35,106)	464,894	461,489	3,405
Unemployment compensation		300,000	300,000	300,000	
Health benefits	15,571,541	(695,833)	14,875,708	13,755,431	1,120,277
Tuition reimbursement	154,690	340	155,030	143,266	11,764
Total unallocated benefits	19,366,231	(430,599)	18,935,632	17,730,895	1,204,737
TPAF - post retirement medical (on behalf - non-budgeted)				4,100,276	(4,100,276)
Teacher's Pension and Annuity Fund (on behalf - non-budgeted)				11,052,502	(11,052,502)
TPAF - long-term disability insurance (non-budgeted)				8,733	8,733
Reimbursed TPAF social security (non-budgeted)				3,890,250	(3,890,250)
Total on-behalf payments				19,051,761	(19,051,761)
Total undistributed expenditures	59,253,678	296,389	59,550,067	75,760,319	(16,210,252)
Total expenditures - current	112,739,438	(27,689)	112,711,749	128,377,330	(15,665,581)
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Grades 1-5	18,134		18,134	17,615	519
Undistributed expenditures:					
Noninstructional services	15,500	2,700	18,200	18,200	
Total equipment	33,634	2,700	36,334	35,815	519
Facilities acquisition and construction services:					
Lease purchase agreements-principal	1,868,987	374	1,869,361	1,869,361	
Construction services	1,110,500	45,426	1,155,926	1,095,893	60,033
Other objects-assessment of debt service	68,734		68,734	68,734	
Total facilities acquisition and construction services	3,048,221	45,800	3,094,021	3,033,988	60,033
Capital leases (unbudgeted)				2,575,009	(2,575,009)
Total expenditures - capital outlay	3,081,855	48,500	3,130,355	5,644,812	(2,514,457)
Transfer of funds to charter schools	59,992	56,598	116,590	116,590	
Total expenditures	115,881,285	77,409	115,958,694	134,138,732	(18,180,038)
(Deficiency)/excess of revenues (under)/over expenditures	(1,300,000)	(77,409)	(1,377,409)	753,823	2,131,232
Other financing sources:					
Assets acquired under capital leases (non-budgeted)				2,575,009	2,575,009
Transfers in				14,010	14,010
Total other financing sources				2,589,019	2,589,019
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(1,300,000)	(77,409)	(1,377,409)	3,342,842	4,720,251
Fund balances, July 1	8,336,836		8,336,836	8,336,836	
Fund balances, June 30	\$ 7,036,836	\$ (77,409)	\$ 6,959,427	\$ 11,679,678	\$ 4,720,251

Livingston Board of Education
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources					
Budgeted fund balance	\$ (1,300,000)		\$ (1,300,000)	\$ 3,406,241	\$ 4,706,241
Capital projects fund transfer to general fund				14,010	14,010
Adjustment for prior year encumbrances		\$ (77,409)	(77,409)	(77,409)	
Total	\$ (1,300,000)	\$ (77,409)	\$ (1,377,409)	\$ 3,342,842	\$ 4,720,251
Recapitulation of fund balance:					
Restricted Fund Balance:					
Excess surplus restricted for subsequent years expenditures				\$ 830,211	
Excess surplus - current year				1,925,588	
Capital reserve				3,389,775	
Emergency reserve				1,000,000	
Assigned to:					
Designated for subsequent years' expenditures				469,789	
Year end encumbrances				381,585	
Unassigned fund balance				3,682,730	
				<u>11,679,678</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(435,305)	
Solar Renewable Energy Credits (SREC) income				40,920	
Fund balance per Governmental Funds (GAAP)				<u>\$ 11,285,293</u>	

Livingston Board of Education
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
State sources	\$ 1,068,582		\$ 1,068,582	\$ 905,517	\$ (163,065)
Federal sources	1,670,373		1,670,373	1,670,373	
Other sources	29,750		29,750	29,750	
Total revenues	<u>2,768,705</u>		<u>2,768,705</u>	<u>2,605,640</u>	<u>(163,065)</u>
Expenditures:					
Current expenditures:					
Instruction:					
Salaries	803,340	\$ (798)	802,542	802,542	
Other purchased services	510,000		510,000	510,000	
Instructional supplies	69,508		69,508	69,444	64
Textbooks	46,016		46,016	45,078	938
Other objects	969,538		969,538	807,475	162,063
Total instruction	<u>2,398,402</u>	<u>(798)</u>	<u>2,397,604</u>	<u>2,234,539</u>	<u>163,065</u>
Support services:					
Salaries	163		163	163	
Benefits	53,016		53,016	53,016	
Purchased professional and educational / technical services	202,977		202,977	202,977	
General supplies	114,147	798	114,945	114,945	
Total support services	<u>370,303</u>	<u>798</u>	<u>371,101</u>	<u>371,101</u>	<u>-</u>
Total expenditures	<u>2,768,705</u>	<u>-</u>	<u>2,768,705</u>	<u>2,605,640</u>	<u>163,065</u>
(Deficiency) of revenues (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Livingston Board of Education
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2020

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 134,892,555	\$ 2,605,640
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year, net of cancellations		22,400
Current year		(46,828)
State aid payments recognized for GAAP statements in the current year, not previously recognized.	(435,305)	
The last state aid payments from the prior year are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	387,151	
Adjustment to record the value of Solar Renewable Energy credits (SREC) income on the modified accrual basis.	40,920	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	\$ 134,885,321	\$ 2,581,212
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 134,138,732	\$ 2,605,640
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Prior year, net of cancellations		22,400
Current year		(46,828)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 134,138,732	\$ 2,581,212

Supplementary Information

Special Revenue Fund

Livingston Board of Education
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures –
Budgetary Basis

Year ended June 30, 2020

	Nonpublic Aid						Title I A	Title II A	Title III	Title IV
	Text-books	Tech-nology	Security	Nursing	Auxiliary	Handicapped				
Revenues:										
State sources	\$ 45,078	\$ 52,964	\$ 215,179	\$ 147,537	\$ 48,905	\$ 395,854				
Federal sources							\$ 124,637	\$ 76,261	\$ 20,360	\$ 10,000
Local sources										
Total revenues	<u>\$ 45,078</u>	<u>\$ 52,964</u>	<u>\$ 215,179</u>	<u>\$ 147,537</u>	<u>\$ 48,905</u>	<u>\$ 395,854</u>	<u>\$ 124,637</u>	<u>\$ 76,261</u>	<u>\$ 20,360</u>	<u>\$ 10,000</u>
Expenditures:										
Instruction:										
Salaries							\$ 91,392	\$ 56,490		
Other purchased services										
Instructional supplies		\$ 52,964							\$ 6,900	
Textbooks	\$ 45,078									
Other objects			\$ 215,179	\$ 147,537	\$ 48,905	\$ 395,854				
Total instruction	<u>45,078</u>	<u>52,964</u>	<u>215,179</u>	<u>147,537</u>	<u>48,905</u>	<u>395,854</u>	<u>91,392</u>	<u>56,490</u>	<u>6,900</u>	
Undistributed:										
Support services:										
Salaries										163
Benefits							33,245	19,771		
Purchased professional and educational/ technical services									3,000	\$ 9,500
General supplies									10,297	500
Total support services							<u>33,245</u>	<u>19,771</u>	<u>13,460</u>	<u>10,000</u>
Total expenditures	<u>45,078</u>	<u>52,964</u>	<u>215,179</u>	<u>147,537</u>	<u>48,905</u>	<u>395,854</u>	<u>124,637</u>	<u>76,261</u>	<u>20,360</u>	<u>10,000</u>
Net change in fund balance	-	-	-	-	-	-	-	-	-	-
Fund balance, July 1	-	-	-	-	-	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Livingston Board of Education
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures –
Budgetary Basis

Year ended June 30, 2020

	IDEA		CARES	LMAC	NJTSS	Crayola	NJSBAIG	Totals
	Part B Basic	Part B Basic Carryover	Preschool Current	Act Current	Grant Current	Grant Current	Grant Current	
Revenues:								
State sources				\$ 83,978				\$ 905,517
Federal sources	\$ 1,279,349	\$ 19,041	\$ 56,747		\$ 11,600	\$ 750	\$ 2,500	1,670,373
Local sources							\$ 14,900	29,750
Total revenues	\$ 1,279,349	\$ 19,041	\$ 56,747	\$ 83,978	\$ 11,600	\$ 750	\$ 2,500	\$ 2,605,640
Expenditures:								
Instruction:								
Salaries	\$ 617,256		\$ 37,404					\$ 802,542
Other purchased services	510,000							510,000
Instructional supplies				\$ 9,580				69,444
Textbooks								45,078
Other objects								807,475
Total instruction	1,127,256		37,404	9,580				2,234,539
Undistributed:								
Support services:								
Salaries								163
Benefits								53,016
Purchased professional and educational/ technical services	152,093	\$ 19,041	19,343	74,398	\$ 11,600	\$ 750	\$ 2,500	202,977
General supplies							\$ 14,900	114,945
Total support services	152,093	19,041	19,343	74,398	11,600	750	2,500	371,101
Total expenditures	1,279,349	19,041	56,747	83,978	11,600	750	2,500	2,605,640
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance, July 1	-	-	-	-	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Capital Projects Fund

Livingston Board of Education
 Capital Projects Fund
 Summary Schedule of Project Revenues, Expenditures,
 Project Balance and Project Status
 (Budgetary Basis)
 Year ended June 30, 2020

	Current Year
Revenues and other financing sources	
Interest on investments	\$ 14,010
State Sources-SDA Grant	50,806
Total revenues	64,816
Other financing uses:	
Transfers out	(64,816)
Total other financing uses	(64,816)
Net change in fund balance	
Fund Balance, July 1	8,790,041
Fund Balance, June 30	\$ 8,790,041
 <u>Reconciliation of budgetary basis to GAAP basis:</u>	
Fund balance, budgetary basis, June 30, 2020	\$ 8,790,041
Less: Revenue not recognized on a GAAP basis	(4,249,388)
Fund balance, GAAP basis, June 30, 2020	\$ 4,540,653

Livingston Board of Education
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

From Inception and for the year ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 23,858,811		\$ 23,858,811	\$ 23,858,811
Bond proceeds and transfers	105,596,000		105,596,000	112,006,849
Transfer from capital reserve	2,660,000		2,660,000	2,660,000
Transfer from capital outlay	480,382		480,382	480,382
Total revenues	<u>132,595,193</u>	-	<u>132,595,193</u>	<u>\$ 139,006,042</u>
Expenditures and other financing uses				
Purchased professional and technical services	10,493,035		10,493,035	
Construction services	113,024,910		113,024,910	
Equipment				
Transfers out	68,496		68,496	
Bond issuance costs	218,711		218,711	
Total expenditures and other financing uses	<u>123,805,152</u>	-	<u>123,805,152</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,790,041</u>	<u>\$ -</u>	<u>\$ 8,790,041</u>	

Referendums	
Bonds Authorized	\$ 112,006,849
Bonds Issued	105,596,000
Original Authorized Cost	\$ 139,006,042
Additional Authorized Cost	
Revised Authorized Cost	\$ 139,006,042

Livingston Board of Education
Capital Projects Fund

Summary Schedule of Project Expenditures
(Budgetary Basis)

Year ended June 30, 2020

Issue/Project Title	Appropriations	Expenditures to Date		Unexpended Balance
			Prior Years	
High school renovation-referendum	\$ 51,521,000	\$ 51,510,226	\$ 10,774	
Facility upgrades and HVAC	59,677,417	48,973,564	10,703,853	
Additions/renovations at Various Schools	18,200,000	16,383,254	1,816,746	
LHS Roof Part A	610,000	436,369	173,631	
Solar Panels	8,687,905	6,192,019	2,495,886	
	<u>\$ 138,696,322</u>	<u>\$ 123,495,432</u>	<u>15,200,890</u>	
Bonds and notes authorized and not issued			(6,410,849)	
			<u>\$ 8,790,041</u>	

Components of appropriations for referendum questions - high school renovations

Bonds authorized 6/15/06	\$ 8,000,000
Bonds authorized 10/9/07	43,521,000
	<u>\$ 51,521,000</u>

Components of appropriations - Facility upgrades and HVAC

NJ Schools Development Authority	\$ 23,490,923
Bonds authorized 12/14/09	33,597,944
Transfer from capital reserve	2,294,000
Transfer from capital outlay	294,550
	<u>\$ 59,677,417</u>

Components of appropriations - Solar panels

Bonds authorized 12/14/09	\$ 8,687,905
	<u>\$ 8,687,905</u>

Components of appropriations for referendum question - additions and renovations at various schools

Bonds authorized 3/12/13	\$ 18,200,000
	<u>\$ 18,200,000</u>

Components of appropriations - LHS Roof Part A

NJ Schools Development Authority	\$ 244,000
Transfer from capital outlay	366,000
	<u>\$ 610,000</u>

Fiduciary Funds

Livingston Board of Education
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2020

	<u>Trust</u>	<u>Agency</u>		<u>Total</u>
	<u>Unemployment</u> <u>Compensation</u>	<u>Student</u> <u>Activity</u>	<u>Payroll</u>	
Assets				
Cash and cash equivalents	\$ 300,401	\$ 313,614	\$ 2,895,889	\$ 3,209,503
Interfund receivable	300,000			
Total assets	<u>600,401</u>	<u>\$ 313,614</u>	<u>\$ 2,895,889</u>	<u>\$ 3,209,503</u>
Liabilities				
Payroll deductions and withholdings payable			\$ 425,961	\$ 425,961
Summer payroll escrow payable			2,469,928	2,469,928
Accounts payable	58,117			
Due to student groups		\$ 313,614		313,614
Total liabilities	<u>58,117</u>	<u>\$ 313,614</u>	<u>\$ 2,895,889</u>	<u>\$ 3,209,503</u>
Net position				
Held in trust for unemployment claims	542,284			
Total net position	<u>\$ 542,284</u>			

Livingston Board of Education
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2020

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Elementary schools:				
Burnet Hill	\$ 1,839	\$ 18,882	\$ 13,919	\$ 6,802
Riker Hill	4,397	7,373	6,992	4,778
Collins	4,821	11,366	6,248	9,939
Harrison	1,447	16,925	15,577	2,795
Hillside	3,322	13,291	15,102	1,511
Mount Pleasant	2,718	7,159	6,393	3,484
	<u>18,544</u>	<u>74,996</u>	<u>64,231</u>	<u>29,309</u>
Middle schools:				
Heritage	23,261	16,411	25,773	13,899
Mount Pleasant	43,779	14,470	16,014	42,235
	<u>67,040</u>	<u>30,881</u>	<u>41,787</u>	<u>56,134</u>
High school:				
Senior High School	336,408	223,309	332,499	227,218
Athletic account	14,598	70,443	84,088	953
	<u>351,006</u>	<u>293,752</u>	<u>416,587</u>	<u>228,171</u>
Total all schools	<u>\$ 436,590</u>	<u>\$ 399,629</u>	<u>\$ 522,605</u>	<u>\$ 313,614</u>

Livingston Board of Education
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2020

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Assets				
Cash and cash equivalents	\$ 2,963,077	\$ 87,438,834	\$ 87,506,022	\$ 2,895,889
Total assets	<u>\$ 2,963,077</u>	<u>\$ 87,438,834</u>	<u>\$ 87,506,022</u>	<u>\$ 2,895,889</u>
Liabilities				
Payroll deductions and withholdings	\$ 710,520	\$ 84,968,906	\$ 85,253,465	\$ 425,961
Summer payroll escrow payable	2,252,557	2,469,928	2,252,557	2,469,928
Total liabilities	<u>\$ 2,963,077</u>	<u>\$ 87,438,834</u>	<u>\$ 87,506,022</u>	<u>\$ 2,895,889</u>

Long-Term Debt

Livingston Board of Education
Long-Term Debt

Schedule of Serial Bonds Payable

Year ended June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2019	Retired	Balance June 30, 2020
			Date	Amount				
School Refunding Bonds	3/11/10	\$ 12,405,000	7/15/20	\$ 1,405,000	4.000 %	\$ 4,725,000	\$ 1,370,000	\$ 3,355,000
			7/15/21	1,475,000	4.000			
			7/15/22	475,000	4.000			
Renovations to Schools	8/3/10	9,000,000	7/15/20	1,000,000	2.500	2,000,000	1,000,000	1,000,000
Renovations to Schools	10/1/13	8,500,000	8/1/20	700,000	2.000	6,350,000	650,000	5,700,000
			8/1/21	350,000	2.000			
			8/1/22	650,000	2.000			
			8/1/23	650,000	3.000			
			8/1/24	650,000	3.000			
			8/1/25	650,000	3.000			
			8/1/26	650,000	3.000			
			8/1/27	700,000	3.000			
			8/1/28	700,000	3.000			
Renovations to Schools	8/6/15	8,500,000	8/1/20	550,000	2.000	7,650,000	450,000	7,200,000
			8/1/21	350,000	2.000			
			8/1/22	700,000	2.000			
			8/1/23	700,000	2.000			
			8/1/24	700,000	2.000			
			8/1/25	700,000	2.125			
			8/1/26	700,000	3.000			
			8/1/27	700,000	3.000			
			8/1/28	700,000	3.000			
			8/1/29	700,000	3.000			
			8/1/30	700,000	3.000			
School Refunding Bonds	9/24/15	61,010,000	7/15/20	1,355,000	4.000	59,190,000	1,350,000	57,840,000
			7/15/21	3,250,000	5.000			
			7/15/22	3,635,000	5.000			
			7/15/23	3,840,000	5.000			
			7/15/24	3,790,000	5.000			
			7/15/25	3,945,000	5.000			
			7/15/26	3,060,000	5.000			
			7/15/27	3,180,000	5.000			
			7/15/28	3,250,000	5.000			
			7/15/29	3,305,000	4.000			
			7/15/30	3,315,000	4.000			
			7/15/31	3,440,000	4.360			
			7/15/32	3,515,000	4.500			
			7/15/33	3,690,000	4.160			
7/15/34	3,800,000	5.000						
7/15/35	3,825,000	5.000						
7/15/36	1,835,000	5.000						
7/15/37	1,810,000	5.000						
						<u>\$ 79,915,000</u>	<u>\$ 4,820,000</u>	<u>\$ 75,095,000</u>

Livingston Board of Education
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2020

	Interest Rate	Amount of Original Issue	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
ECIA	4.00%-5.00%	\$ 2,441,000		\$ 2,441,000		\$ 2,441,000
TD Equipment Financing	1.22%	2,800,000	\$ 932,071		\$ 932,071	
City National	1.61%	2,210,000	1,591,981		626,807	965,174
TD Bank	2.90%	1,500,000	1,500,000		310,483	1,189,517
			<u>\$ 2,524,052</u>	<u>\$ 2,441,000</u>	<u>\$ 1,869,361</u>	<u>\$ 4,595,691</u>

Livingston Board of Education
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance Final to Actual
Revenues:				
Local sources:				
Miscellaneous-sale of SREC's	\$ 92,553	\$ 92,553	\$ 233,996	\$ 141,443
Local tax levy	7,184,380	7,184,380	7,184,380	
State sources:				
Debt service aid type II	795,169	795,169	795,169	
Total revenues	<u>8,072,102</u>	<u>8,072,102</u>	<u>8,213,545</u>	<u>141,443</u>
Expenditures:				
Interest on bonds	3,325,350	3,325,350	3,325,350	
Principal on bonds	4,820,000	4,820,000	4,820,000	
Total expenditures	<u>8,145,350</u>	<u>8,145,350</u>	<u>8,145,350</u>	
(Deficiency) excess of revenues (under) over expenditures	<u>(73,248)</u>	<u>(73,248)</u>	<u>68,195</u>	<u>141,443</u>
Other financing sources:				
Transfers in			115,013	115,013
Total other financing sources			<u>115,013</u>	<u>115,013</u>
Net change in fund balances	(73,248)	(73,248)	183,208	256,456
Fund balance, July 1	163,560	163,560	163,560	
Fund balance, June 30	<u>\$ 90,312</u>	<u>\$ 90,312</u>	<u>\$ 346,768</u>	<u>\$ 256,456</u>

Statistical Section

Statistical Section
Unaudited

Contents

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.

Revenue Capacity

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

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.

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.

Operating Information

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

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

Livingston Board of Education
 Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Unaudited

	As of June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities at Government-wide level										
Net investment in capital assets	\$ 29,780,271	\$ 51,502,583	\$ 54,448,601	\$ 55,919,463	\$ 58,372,950	\$ 59,527,328	\$ 58,713,884	\$ 62,345,455	\$ 64,178,646	\$ 65,375,895
Restricted	9,634,285	1,797,535	2,603,315	4,402,174	6,028,772	5,540,059	8,775,638	7,736,318	8,249,348	11,686,227
Unrestricted (deficit)	(2,790,043)	(1,407,628)	(1,756,316)	(2,953,511)	(30,011,401)	(29,175,486)	(31,728,720)	(33,016,080)	(32,990,012)	(32,782,362)
Total governmental activities net position	\$ 36,624,513	\$ 51,892,490	\$ 55,295,600	\$ 57,368,126	\$ 34,390,321	\$ 35,891,901	\$ 35,760,802	\$ 37,065,693	\$ 39,437,982	\$ 44,279,760
Business-type activities at Government-wide level										
Net investment in capital assets							\$ 64,260	\$ 71,264	\$ 63,335	\$ 55,419
Unrestricted	\$ 101,382	\$ 117,150	\$ 123,159	\$ 156,564	\$ 163,609	\$ 124,697	25,952	63,014	138,144	81,282
Total business-type activities net position	\$ 101,382	\$ 117,150	\$ 123,159	\$ 156,564	\$ 163,609	\$ 124,697	\$ 90,212	\$ 134,278	\$ 201,479	\$ 136,701
Government-wide level										
Net investment in capital assets	\$ 29,780,271	\$ 51,502,583	\$ 54,448,601	\$ 55,919,463	\$ 58,372,950	\$ 59,527,328	\$ 58,778,144	\$ 62,416,719	\$ 64,241,981	\$ 65,431,314
Restricted	9,634,285	1,797,535	2,603,315	4,402,174	6,028,772	5,540,059	8,775,638	7,736,318	8,249,348	11,686,227
Unrestricted (deficit)	(2,688,661)	(1,290,478)	(1,633,157)	(2,796,947)	(29,847,792)	(29,050,789)	(31,702,768)	(32,953,066)	(32,851,868)	(32,701,080)
Total government-wide net position	\$ 36,725,895	\$ 52,009,640	\$ 55,418,759	\$ 57,524,690	\$ 34,553,930	\$ 36,016,598	\$ 35,851,014	\$ 37,199,971	\$ 39,639,461	\$ 44,416,461

Source: CAFR Schedule A-1 and District records.

GASB 63 was implemented during the 2013 fiscal year which required reclassification of balances previously reported as net assets to net position.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$25,333,873. This amount is not reflected in the June 30, 2014 Net Position above.

Livingston Board of Education
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Year ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction	\$ 63,878,756	\$ 66,272,731	\$ 68,887,506	\$ 69,825,515	\$ 77,101,975	\$ 87,448,186	\$ 97,533,309	\$ 100,285,889	\$ 96,778,911	\$ 95,716,727
Support Services:										
Attendance and social work	111,223	87,045	83,146	68,300	81,890	111,626	175,412	114,992	103,821	106,063
Health services	1,155,226	1,250,211	1,293,287	1,297,647	1,399,384	1,602,126	1,735,851	1,751,864	1,582,457	1,510,647
Other support services	8,527,200	8,969,414	8,902,828	9,723,856	10,309,217	11,618,707	14,017,612	14,328,859	13,576,938	13,410,587
Improvement of instruction	2,287,581	2,474,874	2,460,982	2,565,356	3,059,826	3,109,500	3,893,894	3,638,064	3,657,125	3,810,048
Other support instructional staff	618,138	602,057	578,017	616,615	721,986	631,642	782,759	742,174	908,879	1,010,180
School library	1,402,614	1,534,227	1,590,230	1,599,911	1,684,934	1,953,426	2,132,844	2,124,858	2,033,503	2,076,694
General administration	1,501,121	1,602,967	1,620,516	1,746,326	1,434,998	1,614,656	1,617,068	1,532,530	1,724,782	1,428,252
School administration	5,330,008	5,319,153	5,641,806	5,725,353	6,170,061	6,813,282	7,511,172	8,002,939	7,229,252	6,748,871
Required maintenance of plant	1,548,439	1,679,427	1,656,110	1,779,831	1,926,852	1,781,738	1,986,685	2,103,451	2,292,152	1,920,298
Operation of plant	6,452,481	6,743,825	6,787,794	7,325,687	7,824,561	7,359,396	7,920,082	8,004,142	8,234,493	7,936,689
Student transportation	2,859,259	3,327,734	3,680,205	3,401,837	3,523,893	3,757,943	4,136,495	4,513,329	4,943,858	4,444,312
Central services	1,813,338	1,805,295	2,031,579	1,810,997	2,024,454	2,108,249	2,301,045	2,422,989	2,309,731	2,371,387
Administrative information technology	1,099,190	1,334,838	1,566,865	1,546,072	1,712,196	1,881,804	2,100,888	2,268,568	2,278,389	2,475,960
Charter Schools					35,575	30,910	35,671	69,317	43,071	116,590
Interest on long-term debt	3,534,830	3,759,555	3,498,671	3,784,711	3,540,119	4,439,833	3,387,409	3,311,348	3,156,892	3,044,666
Total governmental activities expenses	102,119,404	106,763,351	110,279,542	112,818,014	122,551,921	136,263,024	151,268,196	155,215,313	150,854,254	148,127,971
Business-type activities										
Food service	899,767	942,943	935,828	1,064,344	1,326,939	1,731,199	2,139,565	2,075,522	2,155,042	1,506,434
Total business-type activities	899,767	942,943	935,828	1,064,344	1,326,939	1,731,199	2,139,565	2,075,522	2,155,042	1,506,434
Total district expenses	\$ 103,019,171	\$ 107,706,294	\$ 111,215,370	\$ 113,882,358	\$ 123,878,860	\$ 137,994,223	\$ 153,407,761	\$ 157,290,835	\$ 153,009,296	\$ 149,634,405
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 116,574	\$ 53,985	\$ 10,083	\$ 46,993	\$ 112,693	\$ 170,384	\$ 241,640	\$ 354,819	\$ 266,347	\$ 318,070
Pupil transportation	114,679	310,880	315,153	301,983	337,630	372,107	489,254	377,452	442,423	71,247
Operating grants and contributions	2,326,694	2,355,452	2,121,250	2,015,767	2,331,758	2,287,885	2,428,516	2,469,246	2,600,073	2,581,212
Capital grants and contributions	4,427,857	12,398,388	449,567	280,721	123,888	121,562	1,034,268	20,623		50,806
Total governmental activities program revenues	6,985,804	15,118,705	2,896,053	2,645,464	2,905,969	2,951,938	4,193,678	3,222,140	3,308,843	3,021,335
Business-type activities										
Charges for services:										
Food service	955,095	946,322	941,083	1,097,056	1,333,216	1,691,124	2,102,683	2,113,314	2,212,288	1,436,520
Total business-type activities	955,095	946,322	941,083	1,097,056	1,333,216	1,691,124	2,102,683	2,113,314	2,212,288	1,436,520
Total district program revenues	\$ 7,940,899	\$ 16,065,027	\$ 3,837,136	\$ 3,742,520	\$ 4,239,185	\$ 4,643,062	\$ 6,296,361	\$ 5,335,454	\$ 5,521,131	\$ 4,457,855
Net (Expense)/Revenue										
Governmental activities	\$ (95,133,600)	\$ (91,644,646)	\$ (107,383,489)	\$ (110,172,550)	\$ (119,645,952)	\$ (133,311,086)	\$ (147,074,518)	\$ (151,993,173)	\$ (147,545,411)	\$ (145,106,656)
Business-type activities	55,328	3,379	5,255	32,712	6,277	(40,075)	(36,882)	37,792	57,246	(69,914)
Total government-wide net expense	\$ (95,078,272)	\$ (91,641,267)	\$ (107,378,234)	\$ (110,139,838)	\$ (119,639,675)	\$ (133,351,161)	\$ (147,111,400)	\$ (151,955,381)	\$ (147,488,165)	\$ (145,176,550)

Livingston Board of Education
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Year ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 88,714,753	\$ 90,069,759	\$ 90,955,519	\$ 92,768,603	\$ 94,517,808	\$ 97,514,537	\$ 99,918,029	\$ 102,743,234	\$ 105,790,062	\$ 108,543,272
Property taxes levied for debt service	4,293,987	5,065,306	5,433,634	6,050,287	6,338,900	6,514,901	6,853,299	7,112,478	7,156,855	7,184,380
Unrestricted grants and contributions	8,453,252	10,964,111	13,646,676	12,427,412	20,268,622	29,929,512	39,400,851	42,526,598	35,957,305	33,409,525
Investment earnings	65,852	96,553	38,900	61,224	23,943	88,831	150,948	221,777	248,204	144,629
Rental income	418,764	487,216	496,484	601,549	586,959	564,534	504,525	497,508	436,443	338,912
Miscellaneous income	40,180	241,280	215,386	336,001	265,788	200,351	115,767	196,469	328,831	357,697
Transfers	(8,678)	(11,602)								
Total governmental activities	101,978,110	106,912,623	110,786,599	112,245,076	122,002,020	134,812,666	146,943,419	153,298,064	149,917,700	149,978,415
Business-type activities:										
Interest earnings	247	787	754	693	768	1,163	2,397	6,274	9,955	5,136
Transfers	8,678	11,602								
Total business-type activities	8,925	12,389	754	693	768	1,163	2,397	6,274	9,955	5,136
Total government-wide	\$ 101,987,035	\$ 106,925,012	\$ 110,787,353	\$ 112,245,769	\$ 122,002,788	\$ 134,813,829	\$ 146,945,816	\$ 153,304,338	\$ 149,927,655	\$ 149,983,551
Change in Net Position										
Governmental activities	\$ 6,844,510	\$ 15,267,977	\$ 3,403,110	\$ 2,072,526	\$ 2,356,068	\$ 1,501,580	\$ (131,099)	\$ 1,304,891	\$ 2,372,289	\$ 4,871,779
Business-type activities	64,253	15,768	6,009	33,405	7,045	(38,912)	(34,485)	44,066	67,201	(64,778)
Total district	\$ 6,908,763	\$ 15,283,745	\$ 3,409,119	\$ 2,105,931	\$ 2,363,113	\$ 1,462,668	\$ (165,584)	\$ 1,348,957	\$ 2,439,490	\$ 4,807,001

Source: CAFR Schedule A-2 and District records.

The District commenced operations of its food service enterprise fund during the 2009 fiscal year.

GASB 63 was implemented during the 2013 fiscal year which required reclassification of balances previously reported as net assets to net position.

GASB 75 was implemented in the 2018 fiscal year. Implementation resulted in an increase in unrestricted grants and contributions and various expense lines from the previous year.

Livingston Board of Education
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2011	2012	2013	2014	As of June 30, 2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 1,529,895	\$ 1,787,522	\$ 2,603,315	\$ 4,402,174	\$ 6,028,772	\$ 5,018,625	\$ 4,807,728	\$ 3,812,411	\$ 4,325,441	\$ 7,145,574
Assigned	748,065	1,618,550	1,382,881	525,508	670,709	524,747	740,234	757,944	588,463	851,374
Unassigned	2,495,826	2,842,943	2,615,086	2,634,903	2,412,411	2,501,855	2,666,800	2,764,525	3,099,988	3,288,345
Total general fund	<u>\$ 4,773,786</u>	<u>\$ 6,249,015</u>	<u>\$ 6,601,282</u>	<u>\$ 7,562,585</u>	<u>\$ 9,111,892</u>	<u>\$ 8,045,227</u>	<u>\$ 8,214,762</u>	<u>\$ 7,334,880</u>	<u>\$ 8,013,892</u>	<u>\$ 11,285,293</u>
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue fund						\$ 2,302,593				
Debt service fund		\$ 10,013	\$ 53,510	\$ 323,480	\$ 87,680	234,706	\$ 157,471	\$ 130,368	\$ 163,560	\$ 346,768
Restricted for capital projects	\$ 23,905,996	5,059,573	3,799,090	9,749,837	(1,619,867)	6,436,140	4,608,223	4,540,653	4,540,653	4,540,653
Total all other governmental funds	<u>\$ 23,905,996</u>	<u>\$ 5,069,586</u>	<u>\$ 3,852,600</u>	<u>\$ 10,073,317</u>	<u>\$ (1,532,187)</u>	<u>\$ 8,973,439</u>	<u>\$ 4,765,694</u>	<u>\$ 4,671,021</u>	<u>\$ 4,704,213</u>	<u>\$ 4,887,421</u>

Source: CAFR Schedule B-1 and District records.

Livingston Board of Education
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
Unaudited

	Year ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 93,008,740	\$ 95,135,065	\$ 96,389,153	\$ 98,818,890	\$ 100,856,708	\$ 104,029,438	\$ 106,771,328	\$ 109,855,712	\$ 112,946,917	\$ 115,727,652
Tuition charges	116,574	53,985	10,083	46,993	112,693	170,384	241,640	354,819	266,347	318,070
Interest earnings	65,852	96,553	38,900	61,224	23,943	47,132	63,519	159,859	183,997	103,709
Investment income						41,699	87,429	61,918	64,207	40,920
Rental income	418,764	487,216	496,484	601,549	586,959	564,534	504,525	497,508	436,443	338,912
Miscellaneous	154,859	410,544	389,913	780,894	636,806	633,408	605,021	573,921	771,254	428,944
State sources	13,348,247	23,681,722	14,600,118	13,180,841	15,016,087	16,645,702	19,648,364	21,434,902	25,421,839	27,112,067
Local sources	45,108	41,027	41,914	16,418	32,279	22,806	30,465	24,340	28,953	29,750
Federal sources	1,814,448	1,995,202	1,575,461	1,526,641	1,663,626	1,644,134	1,595,776	1,582,278	1,589,381	1,644,870
Total revenue	108,972,592	121,901,314	113,542,026	115,033,450	118,929,101	123,799,237	129,548,067	134,545,257	141,709,338	145,744,894
Expenditures										
Instruction										
Regular and Special Education Instruction	42,024,591	43,186,148	44,393,126	46,757,561	48,276,223	50,594,191	52,497,911	53,137,649	54,179,698	54,777,809
Undistributed:										
Instruction	7,490,876	7,131,761	7,205,470	6,247,242	6,305,889	6,476,692	6,520,234	6,537,171	6,872,680	6,599,011
Attendance and social work	81,403	62,593	58,889	49,494	54,685	67,821	97,710	63,228	61,050	63,807
Health services	849,055	901,743	919,492	944,287	938,827	983,322	976,076	970,191	936,873	912,252
Other support services	6,766,390	7,066,352	6,845,403	7,319,178	7,475,078	7,744,379	8,220,147	8,603,722	8,697,176	8,616,569
Improvement of instruction	1,687,413	1,792,477	1,757,197	1,870,400	2,057,792	1,904,505	2,191,192	2,016,432	2,170,172	2,313,087
School library	1,069,818	1,145,961	1,167,858	1,201,197	1,169,916	1,251,112	1,259,289	1,244,696	1,260,467	1,306,041
Instructional staff training	480,072	452,692	430,027	464,605	524,358	403,168	467,394	446,711	577,929	661,513
General administration	1,312,701	1,382,282	1,381,455	1,461,045	1,192,799	1,310,194	1,290,969	1,168,022	1,314,908	1,129,293
School administration	3,986,684	3,904,355	4,100,046	4,258,497	4,239,852	4,328,243	4,381,197	4,586,777	4,421,915	4,210,001
Required maintenance of plant	1,208,903	1,298,926	1,227,905	1,271,843	1,249,197	1,247,717	1,274,856	1,323,260	1,487,391	1,260,052
Operation of plant	5,349,562	5,458,252	5,315,576	5,600,664	5,575,230	5,485,748	5,534,372	5,569,037	5,955,341	5,695,144
Student transportation	2,549,481	2,935,670	3,189,477	2,929,453	2,925,012	3,004,148	3,163,306	3,294,251	3,755,261	3,373,284
Business and oth supp. services and benefits	15,709,449	15,272,843	15,580,630	15,800,186	16,256,309	17,155,977	17,963,795	18,953,666	20,222,489	20,988,918
On Behalf TPAF social security and pension/medical contributions	6,105,549	7,302,384	9,437,008	8,157,415	9,822,692	11,507,978	13,351,771	15,730,398	18,129,199	19,051,761
Capital outlay	19,167,762	34,168,616	4,707,251	4,860,773	14,396,288	5,720,943	6,483,837	5,830,484	4,293,689	5,644,812
Charter Schools					35,575	30,910	35,671	69,317	43,071	116,590
Costs of issuance	96,800			53,298						
Debt service:										
Principal	2,340,000	2,385,000	3,160,000	3,585,000	4,005,000	4,310,000	4,030,000	4,560,000	4,635,000	4,820,000
Interest	2,565,316	4,152,840	3,574,080	3,520,142	3,684,577	3,153,228	3,846,550	3,624,800	3,482,825	3,325,350
Total expenditures	120,841,825	140,000,893	114,450,890	116,352,280	130,185,299	126,660,276	133,586,277	137,729,812	142,497,134	144,865,294
Excess (Deficiency) of revenues over (under) expenditures	(11,869,233)	(18,099,579)	(908,864)	(1,318,830)	(11,256,198)	(2,861,039)	(4,038,210)	(3,184,555)	(787,796)	879,600
Other Financing sources (uses)										
Capital leases (non-budgeted)	750,000	750,000			1,200,000	3,800,000		2,210,000	1,500,000	2,575,009
Bond proceeds	37,075,000			8,500,000						
Insurance recovery related to other costs of Super Storm Sandy			44,145							
Refunding bonds issued						69,510,000				
Premium on bonds issued				850		8,886,902				
Equity contribution						134,265				
Payment to refunding bond escrow agent						(69,607,319)				
Transfers in	53,849	815,679	424,584	18,119	234,691	2,967,026	48,763	112,758	96,211	129,023
Transfers out	(62,527)	(827,281)	(424,584)	(18,119)	(234,691)	(2,967,026)	(48,763)	(112,758)	(96,211)	(129,023)
Total other financing sources (uses)	37,816,322	738,398	44,145	8,500,850	1,200,000	12,723,848	-	2,210,000	1,500,000	2,575,009
Net change in fund balances	\$ 25,947,089	\$(17,361,181)	\$(864,719)	\$ 7,182,020	\$(10,056,198)	\$ 9,862,809	\$(4,038,210)	\$(974,555)	\$ 712,204	\$ 3,454,609
Debt service as a percentage of noncapital expenditures	4.8%	6.2%	6.1%	6.4%	6.6%	6.2%	6.2%	6.2%	5.9%	5.9%

Source: CAFR Schedule B-2

Livingston Board of Education
 General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Tuition	Investment Income	Rentals	Transportation	Misc.	Total
2011	\$ 116,574	\$ 12,003	\$ 418,764	\$ 114,679	\$ 40,180	\$ 702,200
2012	53,985	80,874	487,216	310,880	89,651	1,022,606
2013	10,083	32,812	496,484	315,153	74,760	929,292
2014	46,993	43,955	601,549	301,983	68,119	1,062,599
2015	112,693	7,187	586,959	337,630	86,957	1,131,426
2016	170,384	34,656	564,534	372,107	105,544	1,247,225
2017	241,640	56,455	504,525	489,254	122,130	1,414,004
2018	354,819	196,448	497,508	377,452	76,295	1,502,522
2019	266,347	213,911	436,443	442,423	207,557	1,566,681
2020	318,070	130,619	338,912	71,247	123,701	982,549

Source: District Records

Livingston Board of Education
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Commercial	Industrial	Apartments	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b
2011	\$ 163,904,500	\$ 5,947,204,496	\$ 740,300	\$ 1,206,463,078	\$ 115,804,400	\$ 2,658,800	\$ 7,436,775,574	\$ 12,139,900	\$ 7,448,915,474	\$ 1.277
2012	155,825,800	5,925,469,396	740,300	1,084,979,478	112,693,200	2,658,800	7,282,366,974	12,139,900	7,294,506,874	1.321
2013	142,157,500	5,938,761,771	740,300	1,032,942,678	97,978,100	2,658,800	7,215,239,149	11,213,456	7,226,452,605	1.368
2014	116,045,300	5,953,673,571	740,300	1,002,976,178	90,110,600	2,658,800	7,166,204,749	9,716,768	7,175,921,517	1.406
2015	105,448,800	5,976,634,671	740,300	977,333,378	90,641,900	2,658,800	7,153,457,849	9,528,870	7,162,986,719	1.452
2016	115,384,300	5,993,856,017	734,300	979,149,578	104,657,200	2,658,800	7,196,440,195	9,738,270	7,162,986,719	1.482
2017	98,933,300	6,047,597,017	740,300	977,445,878	103,643,300	2,658,800	7,231,018,595	9,686,530	7,240,705,125	1.517
2018	95,026,200	6,122,581,917	740,300	981,362,878	104,191,300	2,658,800	7,306,561,395	9,534,432	7,316,095,827	1.544
2019	126,981,700	6,140,915,920	740,300	998,823,678	106,211,800	42,517,600	7,416,190,998	9,293,999	7,425,484,997	1.559
2020	122,228,000	7,032,735,300	740,300	1,222,333,500	115,758,000	92,502,600	8,586,297,700	11,073,038	8,596,630,438	1.368

Source: District records, Tax list summary & Municipal Tax Assessor and Collector, abstract of taxable, County Board of Taxation

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.

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

b Tax rates are per \$100

* The significant increase in 2020 relates to new apartments constructed in the Township.

Livingston Board of Education
 Direct and Overlapping Governments - Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$100 of assessed value)
 Unaudited

Fiscal Year Ended June 30,	Livingston Township School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Livingston Township	Essex County	
2011	\$ 1.22	\$ 0.06	\$ 1.28	\$ 0.40	\$ 0.44	\$ 2.12
2012	1.26	0.06	1.32	0.41	0.47	2.20
2013	1.31	0.06	1.37	0.44	0.49	2.30
2014	1.35	0.06	1.41	0.45	0.53	2.38
2015	1.36	0.09	1.45	0.46	0.55	2.46
2016	1.38	0.10	1.48	0.47	0.55	2.50
2017	1.42	0.10	1.52	0.46	0.56	2.54
2018	1.44	0.10	1.54	0.48	0.56	2.58
2019	1.46	0.10	1.56	0.48	0.57	2.61
2020	1.27	0.10	1.37	0.43	0.48	2.28

Source: District Records and Municipal Tax Collector.

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.

Livingston Board of Education
Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Livingston Mall	\$ 220,000,000	1	2.56%	\$ 242,288,304	1	3.26%
Livingston Circle Associates	56,981,200	2	0.66%	60,602,600	2	0.81%
369 East Mount Pleasant Ave. LLC	45,500,000	3	0.53%			
Burris Post Acute Network, LLC	39,176,800	4	0.46%			
TF Livingston NJ LLC	38,751,300	5	0.45%			
Squiertown Properties, LLC	36,427,900	6	0.42%			
Livingston Retirement Care Assoc	31,260,800	7	0.36%			
Eastgreen, Inc.	29,937,000	8	0.35%	30,075,000	7	0.40%
KRG Livingston Center LLC	29,088,100	9	0.34%			
Esplanade Livingston, LLC	28,464,000	10	0.33%	30,195,000	6	0.41%
CIT Group Inc.				45,938,500	3	0.62%
Formosa Plastics, Corp., USA				32,969,800	4	0.44%
Livingston Retirement Care Assoc.				30,250,300	5	0.41%
Trste Src Facilities				29,469,900	8	0.40%
G&S Livingston Realty				25,714,100	9	0.35%
Care Two, LLC				22,440,000	10	0.30%
Total	<u>\$ 555,587,100</u>		<u>6.46%</u>	<u>\$ 549,943,504</u>		<u>7.40%</u>

Source: Municipal Tax Assessor and Treasurer.

Livingston 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 Amount	Percentage of Levy	Collections in Subsequent Years
2011	\$ 93,008,740	\$ 93,008,740	100.00%	-
2012	95,135,065	95,135,065	100.00%	-
2013	96,389,153	96,389,153	100.00%	-
2014	98,818,890	98,818,890	100.00%	-
2015	100,856,708	100,856,708	100.00%	-
2016	104,029,438	104,029,438	100.00%	-
2017	106,771,328	106,771,328	100.00%	-
2018	109,855,712	109,855,712	100.00%	-
2019	112,946,917	112,946,917	100.00%	-
2020	115,727,652	115,727,652	100.00%	-

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

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

Livingston 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	
	General Obligation Bonds*	Capital Leases	Bond Anticipation Notes	Grant Anticipation Notes		Income ^a	Per Capita ^a
2011	\$ 99,101,000	\$ 3,816,319			\$102,917,319	0.05%	\$ 51,617
2012	96,716,000	3,410,771		\$ 9,250,000	109,376,771	0.05%	59,342
2013	93,556,000	2,251,617		9,250,000	105,057,617	0.06%	60,577
2014	98,471,000	1,235,856		8,000,000	107,706,856	0.05%	54,879
2015	94,466,000	1,359,372	\$ 4,300,000	8,000,000	108,125,372	0.05%	54,606
2016	93,140,000	4,555,541		5,000,000	102,695,541	0.06%	58,319
2017	89,110,000	3,736,161			92,846,161	0.06%	60,030
2018	84,550,000	4,401,341			88,951,341	0.07%	60,887
2019	79,915,000	4,024,052			83,939,052	0.08%	63,554
2020	75,095,000	4,595,691			79,690,691	0.08%	67,459

Source: District CAFR Schedules I-1, I-2 and District records.

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

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

* Does not include bonds and notes authorized and not issued.

Livingston Board of Education
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds and Notes	Deductions			
2011	\$ 99,101,000		\$ 99,101,000	1.33%	\$ 51,617
2012	105,966,000		105,966,000	1.45%	59,342
2013	102,806,000		102,806,000	1.42%	60,577
2014	106,471,000	\$ 323,480	106,147,520	1.48%	54,879
2015	102,466,000	87,680	102,378,320	1.43%	54,606
2016	98,140,000	234,706	97,905,294	1.36%	58,319
2017	89,110,000	157,471	88,952,529	1.23%	60,030
2018	84,550,000	130,368	84,419,632	1.16%	60,887
2019	79,915,000	163,560	79,751,440	1.08%	63,554
2020	75,095,000	346,768	74,748,232	0.87%	67,459

Source:

a See J-6 for property tax data.

b Population data can be found in J-14.

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

Livingston Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2020
Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Livingston Township	\$ 90,875,934	100.00%	\$ 90,875,934
County of Essex	556,805,000	9.09%	<u>50,613,575</u>
Subtotal, overlapping debt			141,489,509
Livingston Township School District Direct Debt*			<u>81,159,081</u>
Total direct and overlapping debt			<u><u>\$ 222,648,590</u></u>

Sources: Livingston Township Finance Officer, Essex County Finance Office and Utility Authorities

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

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

* Includes bonds and notes authorized but not issued in the amount of \$6,410,849 and capital leases.

Livingston Board of Education
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 Unaudited

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized valuation basis

2020	\$	8,412,194,871
2019		8,600,001,642
2018		8,037,144,154
	\$	<u>25,049,340,667</u>

Average equalized valuation of taxable property

	\$	<u>8,349,780,222</u>
--	----	----------------------

Debt limit (4 % of average equalization value)

	\$	333,991,209
--	----	-------------

Net bonded school debt

		81,159,081
--	--	------------

Legal debt margin

	\$	<u>252,832,128</u>
--	----	--------------------

Fiscal Year Ended June 30.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 318,454,434	\$ 315,283,754	\$ 305,485,359	\$ 300,587,113	\$ 299,917,352	\$ 303,157,184	\$ 306,676,231	\$ 312,482,797	\$ 319,012,328	\$ 333,991,209
Total net debt applicable to limit	104,311,849	111,176,849	126,216,849	121,058,369	117,289,169	104,316,143	95,363,378	95,101,454	90,349,901 *	81,159,081
Legal debt margin	\$ 214,142,585	\$ 204,106,905	\$ 179,268,510	\$ 179,528,744	\$ 182,628,183	\$ 198,841,041	211,312,853	217,381,343	228,662,427	252,832,128
Total net debt applicable to the limit as a percentage of debt limit	32.76%	35.26%	41.32%	40.27%	39.11%	34.41%	31.10%	30.43%	28.32%	24.30%

Source: Abstract of Ratables, Annual Report of the State of New Jersey, Department of the Treasury, Division of Taxation and District Records.

* Includes bonds and notes authorized but not issued in the amount of \$6,410,849.

Livingston Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2011	27,584	N/A	\$ 51,617	6.5%
2012	29,366	N/A	59,342	6.1%
2013	29,526	N/A	60,577	6.2%
2014	29,594	N/A	54,879	5.5%
2015	29,931	N/A	54,606	4.5%
2016	29,849	N/A	58,319	3.8%
2017	29,801	N/A	60,030	3.3%
2018	30,142	N/A	60,887	3.3%
2019	30,054	N/A	63,554	2.7%
2020	30,303	N/A	67,459	2.5%

Source:

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

^b Personal income data is not available.

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

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

N/A - Not available.

Livingston Board of Education
Principal Employers
Current Year and Nine Years Ago
Unaudited

Information was not available.

Livingston Board of Education
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
 Unaudited

<u>Function/Program</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	392	394	397	398	399	402	402	403	412	419
Special education	53	55	59	63	67	67	70	71	75	76
Support services										
Student & instruction related services	95	99	102	102	104	104	110	110	114	116
General administrative services	12	13	13	13	13	13	14	16	17	17
School administrative services	43	42	42	42	42	42	43	44	44	44
Business administrative services	13	12	12	12	12	12	12	12	12	12
Plant operations and maintenance	56	55	57	57	57	57	59	59	59	59
Pupil transportation	27	27	28	27	28	28	29	29	32	32
Total	691	697	710	714	722	725	739	744	765	775

Source: District Personnel Records

Livingston Board of Education
 Operating Statistics
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2011	5,734	\$ 96,671,947	\$ 16,859	-2.31%	445	1:13	1:11	1:11	5,740	5,553	0.79%	96.74%
2012	5,830	99,294,437	17,032	1.02%	449	1:13	1:11	1:11	5,732	5,551	-0.14%	96.84%
2013	5,830	103,009,559	17,669	3.74%	456	1:13	1:11	1:11	5,802	5,594	1.22%	96.42%
2014	5,875	104,333,067	17,759	0.51%	461	1:13	1:11	1:11	5,871	5,690	1.19%	96.92%
2015	5,893	108,099,434	18,344	3.29%	461	1:13	1:11	1:11	5,880	5,692	0.15%	96.80%
2016	5,950	113,476,105	19,072	3.97%	466	1:13	1:11	1:11	5,926	5,731	0.78%	96.71%
2017	5,923	119,225,890	20,129	5.55%	472	1:13	1:11	1:11	5,913	5,703	-0.22%	96.45%
2018	5,971	123,714,528	20,719	2.93%	474	1:13	1:11	1:11	5,971	5,757	0.98%	96.42%
2019	6,007	130,085,620	21,656	4.52%	487	1:13	1:11	1:11	6,007	5,784	0.60%	96.29%
2020	6,120	131,075,152	21,418	-1.10%	495	1:13	1:11	1:11	6,120	5,966	1.88%	97.48%

Sources: District records and ASSA.

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- 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).

Livingston 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
<u>Elementary</u>										
Burnet Hill Elementary										
Square Feet	51,521	51,521	51,521	51,521	51,521	55,467	55,467	55,467	55,467	55,467
Capacity (students)	412	412	412	412	412	522	522	522	522	522
Enrollment	432	413	454	440	464	472	447	475	461	486
Riker Hill Elementary										
Square Feet	48,279	48,279	48,279	48,279	48,279	53,440	53,440	53,440	53,440	53,440
Capacity (students)	386	386	386	386	386	414	414	414	414	414
Enrollment	423	417	421	406	400	398	375	402	396	397
Collins Elementary										
Square Feet	48,589	48,589	48,589	48,589	48,589	53,309	53,309	53,309	53,309	53,309
Capacity (students)	389	389	389	389	389	424	424	424	424	424
Enrollment	427	424	432	452	453	481	467	453	464	462
Harrison Elementary										
Square Feet	64,555	64,555	64,555	64,555	64,555	75,151	75,151	75,151	75,151	75,151
Capacity (students)	516	516	516	516	516	656	656	656	656	656
Enrollment	535	528	517	485	487	480	451	473	465	449
Hillside Elementary										
Square Feet	45,168	45,168	45,168	45,168	45,168	51,694	51,694	51,694	51,694	51,694
Capacity (students)	361	361	361	361	361	529	529	529	529	529
Enrollment a	401	398	412	406	412	407	394	399	404	397
Mount Pleasant Elementary										
Square Feet	48,086	48,086	48,086	48,086	48,086	48,086	48,086	48,086	48,086	48,086
Capacity (students)	385	385	385	385	385	385	385	385	385	385
Enrollment	428	423	435	450	454	446	428	434	438	426
<u>Middle Schools</u>										
Heritage										
Square Feet	150,861	150,861	150,861	150,861	150,861	150,861	150,861	150,861	150,861	150,861
Capacity (students)	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152
Enrollment	921	893	921	918	920	973	958	958	991	1,006
Mount Pleasant										
Square Feet	87,421	87,421	87,421	87,421	87,421	87,421	87,421	87,421	87,421	87,421
Capacity (students)	687	687	687	687	687	687	687	687	687	687
Enrollment	435	477	425	471	476	463	464	481	484	509
<u>High School</u>										
Livingston High School										
Square Feet	302,127	302,127	302,127	302,127	302,127	302,127	302,127	302,127	302,127	302,127
Capacity (students)	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736
Enrollment	1,744	1,761	1,813	1,847	1,827	1,830	1,892	1,896	1,902	1,988

Number of Schools at June 30, 2020

High School = 1

Elementary = 6

Middle Schools = 2

Source: District records, ASSA

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

Livingston Board of Education
 General Fund
 Schedule of Required Maintenance for School Facilities
 Last Ten Fiscal Years
 Unaudited

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

School Facilities	Project # (s)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Livingston High School	50	\$ 352,815	\$ 416,470	\$ 370,514	\$ 356,961	\$ 349,361	\$349,774	\$ 356,114	\$ 343,815	\$ 363,700	\$ 338,494
Heritage Middle School	55	239,410	282,605	251,420	242,222	237,066	237,347	241,650	233,302	246,796	229,692
Mt. Pleasant Middle School	60	163,807	193,361	172,024	165,731	162,203	162,396	165,340	159,628	168,860	157,157
Burnet Hill	70	88,203	104,117	92,628	89,240	87,340	87,444	89,029	85,953	90,925	84,623
Collins	80	75,603	89,243	79,395	76,491	74,863	74,952	76,311	73,674	73,674	73,674
Harrison	90	113,405	133,866	119,094	114,738	112,295	112,428	114,466	110,511	116,903	108,801
Hillside	100	75,603	89,243	79,395	76,491	74,863	74,952	76,311	73,674	73,674	73,674
Mt. Pleasant	110	75,603	89,243	79,395	76,491	74,863	74,952	76,311	73,674	73,674	73,674
Riker Hill	118	75,603	89,243	79,395	76,491	74,863	74,952	76,311	73,674	73,674	73,674
Total School Facilities		<u>\$ 1,260,052</u>	<u>\$ 1,487,391</u>	<u>\$ 1,323,260</u>	<u>\$ 1,274,856</u>	<u>\$ 1,247,717</u>	<u>\$ 1,249,197</u>	<u>\$ 1,271,843</u>	<u>\$ 1,227,905</u>	<u>\$ 1,298,926</u>	<u>\$ 1,208,903</u>

Source: District records of required maintenance.

LIVINGSTON BOARD OF EDUCATIONINSURANCE SCHEDULEAs of June 30, 2020UNAUDITED

Commercial Package Policy	COVERAGE	DEDUCTIBLE
Real & Personal Property (per occurrence)	\$500,000,000	\$5,000
Blanket Extra Expense	\$50,000,000	\$5,000
Blanket Valuable Paper & Records	\$10,000,000	\$5,000
Demolition & Increased Cost of Construction	\$25,000,000	
Limited Builders Risk	\$10,000,000	
Fire Dept. Service Charge	\$10,000	
Arson Reward	\$10,000	
Pollution Cleanup & Removal	\$250,000	
Flood/Earthquake:		
Flood Zone A & V	\$25,000,000	\$500,000
All Other Flood Zones	\$75,000,000	\$10,000
Earthquake	\$50,000,000	\$1,000
Terrorism	\$1,000,000	
Electronic Data Processing:		
Blanket Hardware/Software, Extra Expense, Business Income, Transit, Debris Removal	\$2,167,000	\$1,000
Flood (Deductible for Zone A & Z)		\$500,000
(Deductible All Other Flood Zones)		\$10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Business Income	\$100,000,000	\$5,000
Property Damage	Included	\$5,000
Off Premises Property Damage	\$1,000,000	\$5,000
Extra Expense	\$10,000,000	\$5,000
Service Interruption	\$10,000,000	\$5,000
Perishable Goods	\$1,000,000	\$5,000
Data Restoration	\$1,000,000	\$5,000
Demolition	\$1,000,000	\$5,000
Ordinance or Law	\$1,000,000	\$5,000
Expediting Expense	\$1,000,000	\$5,000
Hazardous Substances	\$1,000,000	\$5,000
Newly Acquired Locations - 120 Days Notice	\$1,000,000	\$5,000
Crime Coverage:		
Public Employee Dishonesty	\$50,000	\$1,000
Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency	\$50,000	\$1,000
Forgery or Alteration	\$50,000	\$1,000
Computer Fraud	\$50,000	\$1,000
General Liability:		
Bodily Injury & Property Damage	\$16,000,000	
Employee Benefits Liability	\$16,000,000	\$1,000
Terrorism	\$1,000,000	
Automotive Coverage:		
Combined Single Limit for Bodily Injury & Property Damage	\$16,000,000	\$1,000
Personal Injury Protection	\$250,000	\$1,000
Medical Payments	\$10,000	\$1,000
Underinsured	\$1,000,000	\$1,000
Terrorism	\$1,000,000	\$1,000
School Leaders Errors & Omissions		
Coverage A - protection againsts "loss"/Wrongful Acts	\$16,000,000	\$5,000
Coverage B - defense costs for specific administrative actions	\$100,000/claim	\$5,000
Workers' Compensation		
Bodily Injury by Accident	\$2,000,000	
Bodily Injury by Disense	\$2,000,000	
Student Accident		
All Student Coverage	\$25,000	
Catastrophic Coverage	\$7,500,000	\$25,000
Excess Liability	\$24,000,000	\$16,000,000

Single Audit Section



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

Honorable President and
Members of the Board of Education
Livingston Board of Education
Livingston, New Jersey
County of Essex

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Livingston Board of Education, in the County of Essex, New Jersey (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2021.

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.

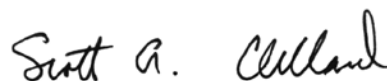
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

January 18, 2021
Florham Park, New Jersey



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

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Livingston Board of Education
Livingston, New Jersey
County of Essex

Report on Compliance for Each Major Federal and State Program

We have audited the Livingston Board of Education's, in the County of Essex, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2020. The District's major federal and state programs are 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 each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and

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 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 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 federal and 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 major federal and state programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and 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 each of its major federal and state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

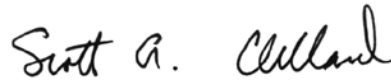
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

Purpose of the Report

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 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

January 18, 2021
Florham Park, New Jersey

Livingston Board of Education
Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	June 30, 2019			Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior year Balances	June 30, 2020			
					Unearned Revenue	(Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor	
General Fund:															
U.S. Department of Health and Human Services-- Passed Through the State Department of Education:															
Medical Assistance - SEMI	93.778	2005NJ5MAP	7/1/19-6/30/20	\$ 10,990				\$ 10,990	\$ (10,990)						
Total General Fund								<u>10,990</u>	<u>(10,990)</u>						
Special Revenue Fund:															
U.S. Department of Education - Passed Through the State Department of Education:															
Title I Part A	84.010A	S010A190030	7/1/19-9/30/20	124,637				44,264	(124,637)		\$ (80,373)				
Title II-A	84.367A	S367A190029	7/1/19-9/30/20	76,261				28,245	(76,261)		(48,016)				
Title III	84.365A	S365A190030	7/1/19-9/30/20	20,360				2,142	(20,360)		(18,218)				
Title IV	84.424	S424A180051	7/1/18-6/30/19	10,000		\$ (90)		90							
Title IV	84.424	S424A190051	7/1/19-9/30/20	10,000				1,550	(10,000)		(8,450)				
COVID-19 Cares Act Funding	84.425D	S425D200027	3/13/20-10/15/22	100,204						(83,978)		(83,978)			
Special Education Cluster:															
IDEA Part B, Basic	84.027A	H027A180100	7/1/18-6/30/19	1,292,345		(106,855)		125,896	(19,041)						
IDEA Part B, Basic	84.027A	H027A190100	7/1/19-9/30/20	1,309,855				650,640	(1,279,349)		(628,709)				
IDEA Part B, Preschool	84.173A	H173A190114	7/1/19-9/30/20	56,747				18,702	(56,747)		(38,045)				
Total Special Education Cluster						<u>(106,855)</u>		<u>795,238</u>	<u>(1,355,137)</u>		<u>(666,754)</u>				
Total Special Revenue Fund						<u>(106,945)</u>		<u>871,529</u>	<u>(1,670,373)</u>		<u>(905,789)</u>				
U.S. Department of Labor--Passed-Through State Department of Labor and Workforce Development Unemployment Compensation Trust Fund:															
COVID-19 CARES Act - Unemployment Relief	17.000	Not available	4/1/20-6/30/20	67,114				67,114	(67,114)						
Total Federal Awards Expenditures						<u>\$ -</u>	<u>\$ (106,945)</u>	<u>\$ -</u>	<u>\$ 929,633</u>	<u>\$ (1,748,477)</u>	<u>\$ -</u>	<u>\$ (905,789)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

Livingston Board of Education

K-4
Schedule B

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2020

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2019		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2020		Cumulative Total Expenditures	
				(Accounts Receivable)	Due to Grantor				Unearned Revenue	(Accounts Receivable)		Due to Grantor
State Department of Education												
General Funds:												
Special Education Categorical Aid	495-034-5120-089	7/1/18-6/30/19	\$ 2,398,755	\$ (234,548)		\$ 225,548	(2,874,002)			\$ (269,809)	\$ (2,874,002)	
Special Education Categorical Aid	495-034-5120-089	7/1/19-6/30/20	2,874,002			2,604,113						
Transportation Aid	495-034-5120-014	7/1/18-6/30/19	1,303,530	(123,888)		123,888	(1,305,530)			(121,885)	(1,203,530)	
Transportation Aid	495-034-5120-014	7/1/19-6/30/20	1,303,530			1,181,645						
Security Aid	495-034-5120-084	7/1/18-6/30/19	434,880	(38,715)		38,715	(434,880)			(43,521)	(434,880)	
Security Aid	495-034-5120-084	7/1/19-6/30/20	434,880			391,349						
Extraordinary Aid	495-034-5120-084	7/1/18-6/30/19	1,438,157	(1,438,157)		1,438,157	(1,729,264)				(1,729,264)	
Extraordinary Aid	495-034-5120-084	7/1/19-6/30/20	1,729,264									
Additional Nonpublic Transportation Aid	Not available	7/1/18-6/30/19	41,774	(41,774)		41,774				(3,227)	(3,227)	
Additional Nonpublic Transportation Aid	Not available	7/1/19-6/30/20	3,227									
On-Behalf Teachers' Pension and Annuity Fund	495-034-5094-002	7/1/19-6/30/20	11,052,502			11,052,502	(11,052,502)				(11,052,502)	
On-Behalf Teachers' Pension and Annuity Fund	495-034-5094-001	7/1/19-6/30/20	4,100,276			4,100,276	(4,100,276)				(4,100,276)	
On-Behalf Teachers' Pension and Annuity Fund - Post-Retirement Medical	495-034-5094-001	7/1/19-6/30/20	8,733			8,733	(8,733)				(8,733)	
On-Behalf Teachers' Pension and Annuity Fund - Non-Contributors Insurance	495-034-5094-004	7/1/19-6/30/20	3,890,250	(1,867,082)		3,698,561	(3,890,250)			(191,688)	(3,890,250)	
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/19-6/30/20				24,904,261	(25,596,664)			(1,524,180)	(25,596,664)	
Total General Fund												
Special Revenue Funds:												
New Jersey Non-Public Aid	100-034-5120-064	7/1/18-6/30/19	48,006		803		(45,078)				(45,078)	
Textbook Aid	100-034-5120-064	7/1/19-6/30/20	46,016			46,016				938		
Textbook Aid	100-034-5120-064	7/1/19-6/30/20										
Technology Aid	100-034-5120-373	7/1/18-6/30/19	53,856		2		(52,964)				(52,964)	
Technology Aid	100-034-5120-373	7/1/19-6/30/20	53,028			53,028				64		
Security Aid	100-034-5120-509	7/1/18-6/30/19	231,450		51		(215,179)				(215,179)	
Security Aid	100-034-5120-509	7/1/19-6/30/20	228,150			228,150				12,971		
Non Public Auxiliary Services (Ch. 192):												
Compensatory Education	100-034-5120-067	7/1/18-6/30/19	65,990		9,393		(65,103)				(65,103)	
Compensatory Education	100-034-5120-067	7/1/19-6/30/20	55,567			49,064				(6,503)		
Home Instruction	100-034-5120-067	7/1/18-6/30/19	1,389	(1,389)		1,389						
Home Instruction	100-034-5120-067	7/1/19-6/30/20	3,802							(3,802)		
Non Public Handicapped Services (Ch. 193):												
Supplemental Instruction	100-034-5120-066	7/1/18-6/30/19	192,372		29,566		(170,481)				(170,481)	
Supplemental Instruction	100-034-5120-066	7/1/19-6/30/20	204,798			175,537				(31,261)		
Examination and Classification	100-034-5120-066	7/1/18-6/30/19	288,839		57,505		(175,793)				(175,793)	
Examination and Classification	100-034-5120-066	7/1/19-6/30/20	255,861			238,528				(17,333)		
Corrective Speech	100-034-5120-066	7/1/18-6/30/19	76,423		26,426		(49,980)				(49,980)	
Corrective Speech	100-034-5120-066	7/1/19-6/30/20	73,823			68,397				(5,226)		
Non Public Nursing Services	100-034-5120-070	7/1/18-6/30/19	147,537		124,146		(205,217)				(205,217)	
Non Public Nursing Services	100-034-5120-070	7/1/19-6/30/20	147,537			1,005,846				(64,125)		
Total Special Revenue Fund												
Capital Projects Funds:												
New Jersey School Development Authority Grants	Various	7/1/09-completion	22,896,440			1,430,976					(19,469,397)	
Total Capital Projects Fund						1,430,976					(19,469,397)	
Debt Service Funds:												
Debt Service Aid	495-034-5120-017	7/1/19-6/30/20	795,169			795,169	(795,169)				(795,169)	
Total Debt Service Fund			795,169			795,169	(795,169)				(795,169)	
Total State Financial Assistance												
				\$ (3,299,447)	\$ 124,146	\$ 28,126,332	\$ (27,097,530)	\$ 124,146	\$ -	\$ (1,988,305)	\$ 163,065	\$ (435,305)
State Financial Assistance Not Subject to Single Audit Determination:												
On-Behalf Teachers' Pension and Annuity Fund	495-034-5094-002	7/1/19-6/30/20	11,052,502			11,052,502	(11,052,502)				(11,052,502)	
On-Behalf Teachers' Pension and Annuity Fund - Post-Retirement Medical	495-034-5094-001	7/1/19-6/30/20	4,100,276			4,100,276	(4,100,276)				(4,100,276)	
On-Behalf Teachers' Pension and Annuity Fund - Non-Contributors Insurance	495-034-5094-004	7/1/19-6/30/20	8,733			8,733	(8,733)				(8,733)	
Total State Financial Assistance Subject to Single Audit Determination												
				\$ (3,299,447)	\$ 124,146	\$ 12,975,741	\$ (11,955,839)	\$ 124,146	\$ -	\$ (1,988,305)	\$ 163,065	\$ (435,305)

See accompanying notes to schedules of federal awards and state financial assistance.

Livingston Board of Education

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2020

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal award and state financial assistance activity under programs of the federal and state government for the year ended June 30, 2020. The District is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

The information in these schedules are 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 OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements. Because the schedules present only selected portions 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.

2. Summary of Significant Accounting Policies

The expenditures reported on the accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and New Jersey OMB Circular 15-08, wherein certain types of expenditures are allowable or are limited as to reimbursement. These bases of accounting is described in Note 1 to the District's basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's 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

Livingston Board of Education

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2020

3. Relationship to Basic Financial Statements (continued)

law or grant agreement to be recognized in the fiscal 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 of accounting with the exception of the revenue recognition of the last two state aid payments in the current year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of 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 revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,234 for the general fund and \$24,428 for the special revenue fund. See Note to Required Supplementary Information for a reconciliation for the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 10,990	\$ 25,348,510	\$ 25,359,500
Special Revenue Fund	1,633,880	917,582	2,551,462
Capital Projects Fund		50,806	50,806
Debt Service Fund		795,169	795,169
Unemployment Trust Fund	67,114		67,114
Total financial award revenues	<u>\$ 1,711,984</u>	<u>\$ 27,112,067</u>	<u>\$ 28,824,051</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$36,493 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis.

Livingston Board of Education

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2020

4. Relationship to Federal and State Financial Reports

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

5. Indirect Costs

The District elected to not use the 10% de minimis indirect cost rate as allowed by the Uniform Guidance.

6. Other

TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2020.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2020 amounted to \$15,161,511. Since on-behalf post retirement pension, disability insurance and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

Livingston Board of Education
Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part I – Schedule of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Noncompliance material to the basic financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Type of auditors’ report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027/84.173	H027A190100 / H173A190114	IDEA Part B, Basic and Preschool (Special Education Cluster)

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Livingston Board of Education
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Part II - Schedule of Financial Statement Findings

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*.

Livingston Board of Education
Schedule of Findings and Questioned Costs

Year ended June 30, 2020

**Part III - Schedule of Federal Awards and State Financial
Assistance Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

Federal Award Programs

No compliance or internal control over compliance findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

State Financial Assistance Programs

No compliance or internal control over compliance findings noted that are required to be reported in accordance with New Jersey Treasury Circular OMB 15-08.

Livingston Board of Education
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2020

No prior year findings were noted.