

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

Lyndhurst, New Jersey

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

**Prepared by
Business Office**

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INTRODUCTORY SECTION



Lyndhurst Public Schools

BOARD OF EDUCATION

420 Fern Avenue ♦ Lyndhurst, NJ 07071

Ph: 201.438.5683 Fax: 201.896.2118 ♦ www.lyndhurstschools.net

ANTHONY GRIECO

Superintendent of Schools

JOSEPH A. DECORSO

Director of Curriculum and Instruction

MARK HAYES, Ph.D.

*Interim School Business Administrator
Board Secretary*

January 27, 2021

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Lyndhurst School District (District) for the fiscal year ending June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner design to 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 cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organization chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Uniform Guidance and the state Treasury Circular letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Lyndhurst School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 14. All funds of the District are included in this report. The Lyndhurst Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include both regular and special education for learning disabled students. The District completed the 2019-2020 fiscal year with an average daily enrollment 2,642 students.

Average Daily Enrollment
(ADE)

<u>Fiscal Year</u>	<u>Student Enrollment</u>
2019-2020	2,642
2018-2019	2,615
2017-2018	2,507
2016-2017	2,468
2015-2016	2,385
2014-2015	2,390
2013-2014	2,312
2012-2013	2,240
2011-2012	2,336
2010-2011	2,312

2) ECONOMIC CONDITIONS AND OUTLOOK: The Lyndhurst area is substantially developed with both residential and industrial taxpayers. The situation is expected to continue, which suggests that its tax base will remain stable moving forward. However, the Lyndhurst Public School is now under State control for our current fiscal situation which has a cumulative two-year budgetary fund deficit for SY 16-17 & SY 17-18 in the amount of \$4,470,851. The current fiscal year (SY 2019-2020) ended with an unassigned budgetary fund balance of \$720,176.

3) MAJOR INITIATIVES UNDERTAKING DURING 2019 – 2020: The Lyndhurst Public School District is proud of all that it accomplished during the 2019-2020 school year. The following is a sampling of the District’s achievements:

- Improved parent communication and involvement through district outreach efforts.
- Improved website/social media.
- Encouraged parents/care givers to use the parent-portal
- Created additional parent surveys to gather feedback about school operations, and topics of interest.
- Host Parent Academies that will discuss relevant topics and address areas of concern that parents may have. These may be incorporated into PTA Meetings.

- Improve student achievement on NJSL-Assessments, PSAT, SAT, ACT, and selected proprietary and locally designed assessments.

- Continued revisions and updates of curricula
- Improved observations of teachers in classroom which will include providing feedback that teachers can use to improve student achievement.
- Analyzed test data to address individualized needs of ALL students.
- Researched and implement a cohesive streamlined approach to NJDOE mandated professional development trainings.
- Implemented programs that will track, assign, and centrally manage all faculty training professional development.
- Infrastructure project/new wifi and phones
- 1:1 device initiative for all students in grades K through 8

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

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

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

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

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

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

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

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

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

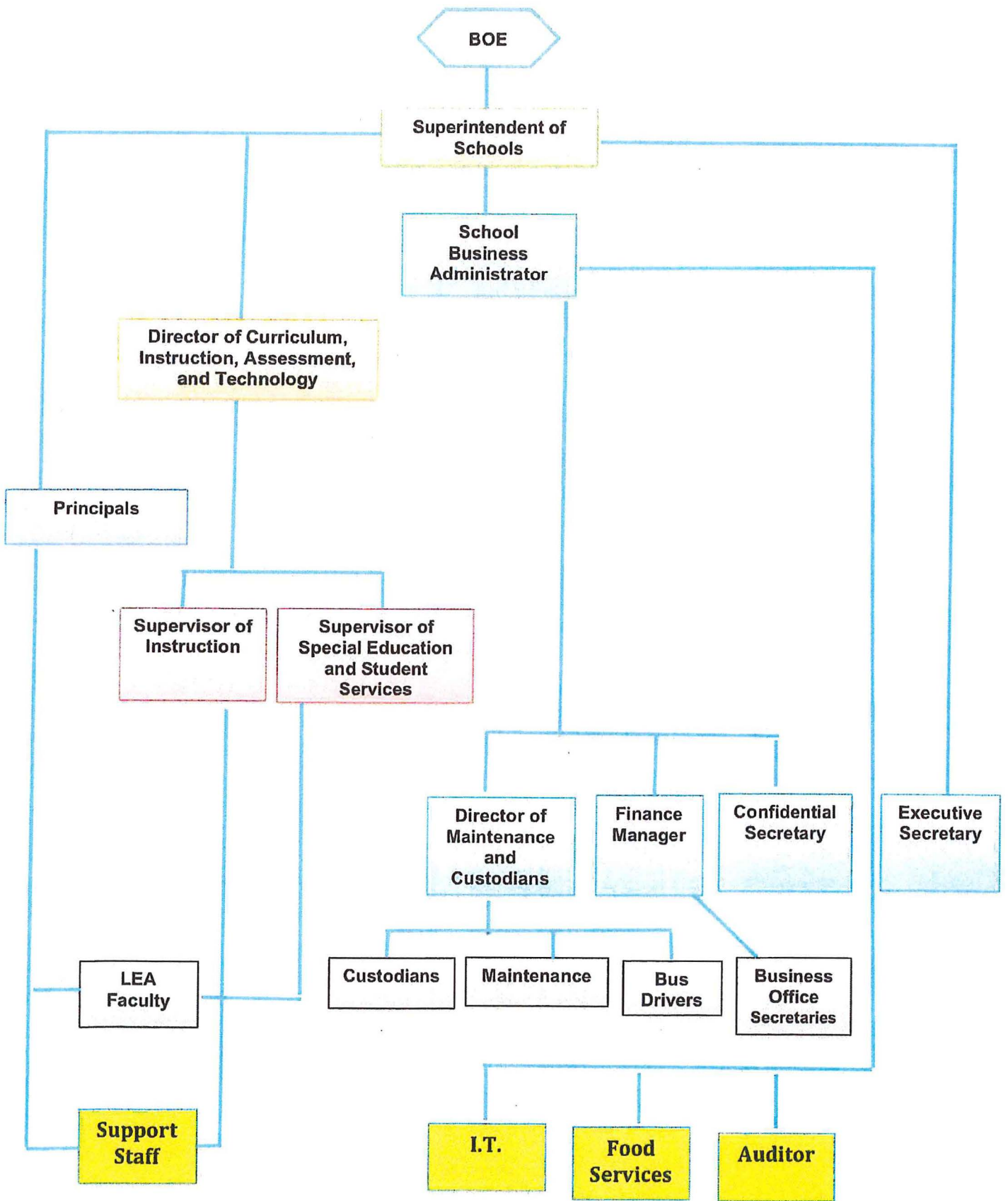
9) INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was appointed by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related U.S. Uniform Guidance and State Treasury Circular Letter OMB 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark Hayes', with a stylized flourish at the end.

Mark Hayes, Ph.D.
Interim School Business Administrator



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

**ROSTER OF OFFICIALS
JUNE 30, 2020**

President	<u>Term Expires</u>
Erin Keefe	2020
Vice President	
Frank Ferrandino	2021
Members of Board of Education	
Christopher Andrinopolous	2022
Joseph Abruscato	2020
Anthony Dell'Aquila	2022
James Donovan	2022
Richard Pizzuti	2021
Elaine Stella	2022
James Vuono	2020
<u>Other Officials</u>	
Superintendent	Anthony Grieco
School Business Administrator/ Board Secretary	Scott T. Bisig
Director of Curriculum, Instruction, Technology	Joseph DeCorso
Finance Manager	Valerie Troncone

**Lyndhurst Board of Education
Consultants and Advisors
as of June 30, 2020**

Architect

DiCara Rubino
30 Galesi Drive
Wayne, NJ 07470

Audit Firm

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

Attorney

Sciarrillo, Cornell, Merlino, McKeever and Osbourne, LLC
238 St. Paul Street
Westfield, NJ 07090

Office Depository

Spencer Savings Bank
230 Ridge Road
Lyndhurst, NJ 07071

Blue Foundry Bank
735 Ridge Road
Lyndhurst, NJ 07071

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Education
Lyndhurst Board of Education
Lyndhurst, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lyndhurst Board of Education, as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lyndhurst Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Lyndhurst Board of Education.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2021 on our consideration of the Lyndhurst Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lyndhurst Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Lyndhurst Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 27, 2021

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

This section of the Lyndhurst Board of Education's (District or Board) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements and the notes to the financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 fiscal year include the following:

- The liabilities and deferred inflows of resources of the Lyndhurst Board of Education exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$13,986,570 (deficit net position).
- The District's overall net position increased \$2,569,362.
- Overall District revenues were \$54,062,869. General revenues accounted for \$40,213,722 or 74% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$13,849,147 or 26% of total revenues.
- The School District had \$50,656,804 in expenses for governmental activities; \$13,388,685 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$40,212,481 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund deficit of \$3,239,357.
- The General Fund unassigned fund balance at June 30, 2020 was \$202,759, an increase of \$76,085 when compared to the previous year's unassigned fund balance of \$126,674.
- The General Fund unassigned budgetary fund balance at June 30, 2020 was \$720,176 which represents an increase of \$70,961 when compared to the ending unassigned budgetary fund balance at June 30, 2019 of \$649,215.
- The District's total outstanding long-term liabilities decreased \$1,452,447 during the current fiscal year.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

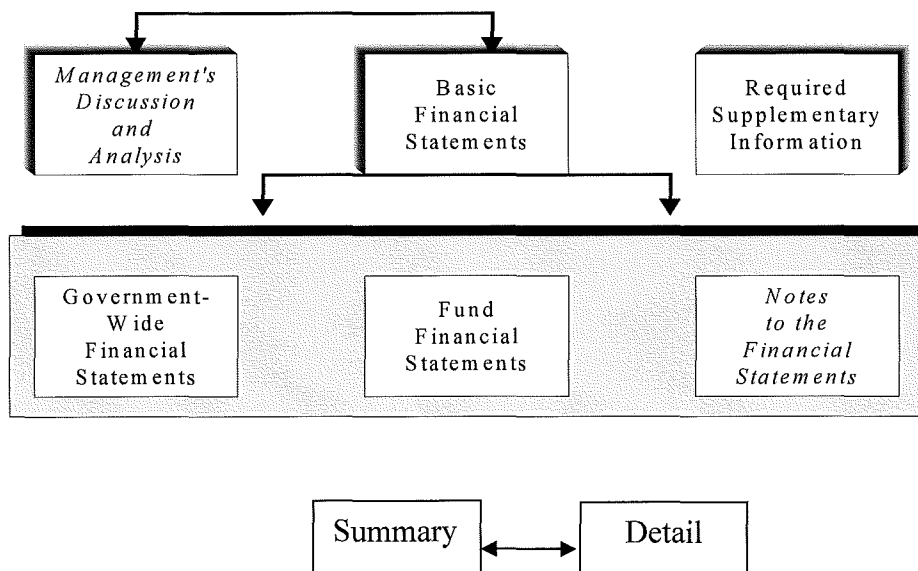
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.
 - The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
 - *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
 - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The basic financial statements also include *notes* that explain the information in the statements and provide more detailed data. The illustration below shows how the various parts of this annual report are arranged and related to one another.



**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as Regular and Special Education Instruction and Building maintenance	Activities the district operates similar to private businesses: Enterprise Fund	Instances in which the district administers resources held in trust, Such as Scholarship Funds, Payroll Agency and Student Activities
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and changes in fund balances	Statement of Net Position Statement of revenue, expenses, and changes in fund net position Statement of cash flows	Statements of Fiduciary net position Statement of changes in fiduciary net position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset; liability; deferred outflow and inflow of resources information	All assets, liabilities, and deferred outflows/inflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets, liabilities, and deferred outflows/inflows of resources both financial and capital, and short-term and long- term	All assets and liabilities, both short-term and long-term, funds do not currently contain capital assets.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-Wide Financial Statements

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

The two district-wide statements report the District’s *net position* and how they have changed. Net position – the difference between the District’s assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District’s financial health or position.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

District-Wide Financial Statements (continued)

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

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state and federal aids finance most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service and Preschool Program operations are included under this category.

Fund Financial Statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

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

Enterprise Funds – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two active enterprise funds:

- Food Service (Cafeteria)
- Preschool Program

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

Fund Financial Statements (continued)

- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

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

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for general and special revenue funds as required supplementary information. Information regarding the District's employee retirement systems and pension plans as well as the post-retirement medical benefits plan have also been provided as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons and pension and postemployment benefits information, including the budgetary comparison statement for the Debt Service Fund.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$13,986,570 and \$16,555,932 as of June 30, 2020 and 2019, respectively.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's 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. Restricted net position represent amounts reserved for specific purposes by outside parties or statutory requirements. Unrestricted net position represent amounts available to the government that are neither restricted nor invested in capital assets.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

**Net Position
As of June 30, 2020 and 2019**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Current Assets	\$ 10,483,073	\$ 11,021,278	\$ 69,199	\$ 65,808	\$ 10,552,272	\$ 11,087,086
Capital Assets	<u>7,813,666</u>	<u>6,179,675</u>	<u>2,136</u>	<u>3,192</u>	<u>7,815,802</u>	<u>6,182,867</u>
Total Assets	<u>18,296,739</u>	<u>17,200,953</u>	<u>71,335</u>	<u>69,000</u>	<u>18,368,074</u>	<u>17,269,953</u>
Deferred Outflows of Resources	<u>942,464</u>	<u>1,573,452</u>	<u>-</u>	<u>-</u>	<u>942,464</u>	<u>1,573,452</u>
Liabilities						
Long-Term Liabilities	16,157,973	17,610,420			16,157,973	17,610,420
Other Liabilities	<u>13,953,488</u>	<u>14,303,250</u>	<u>37,799</u>	<u>45,059</u>	<u>13,991,287</u>	<u>14,348,309</u>
Total Liabilities	<u>30,111,461</u>	<u>31,913,670</u>	<u>37,799</u>	<u>45,059</u>	<u>30,149,260</u>	<u>31,958,729</u>
Deferred Inflows of Resources	<u>3,114,312</u>	<u>3,316,667</u>	<u>4,817</u>	<u>1,193</u>	<u>3,119,129</u>	<u>3,317,860</u>
Net Position:						
Net Investment in Capital Assets	722,011	98,561	2,136	3,192	724,147	101,753
Restricted	688,560	139,612			688,560	139,612
Unrestricted	<u>(15,397,141)</u>	<u>(16,794,105)</u>	<u>26,583</u>	<u>19,556</u>	<u>(15,370,558)</u>	<u>(16,774,549)</u>
Total Net Position	<u>\$(13,986,570)</u>	<u>\$(16,555,932)</u>	<u>\$ 28,719</u>	<u>\$ 22,748</u>	<u>\$(13,957,851)</u>	<u>\$(16,533,184)</u>

The District's total deficit net position of \$13,957,851 at June 30, 2020 represents a \$2,575,333 or 16% increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2020 and 2019, respectively.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues						
Charges for Services	\$ 205,672	\$ 227,015	\$ 211,939	\$ 423,345	\$ 417,611	\$ 650,360
Operating Grants and Contributions	13,183,013	14,708,024	248,523	287,859	13,431,536	14,995,883
General Revenues						
Property Taxes	39,555,241	38,689,270			39,555,241	38,689,270
State Aid - Unrestricted	410,053	410,128			410,053	410,128
Other	247,187	256,784	1,241	697	248,428	257,481
Total Revenues	<u>53,601,166</u>	<u>54,291,221</u>	<u>461,703</u>	<u>711,901</u>	<u>54,062,869</u>	<u>55,003,122</u>
Expenses						
Instruction						
Regular	21,610,822	23,011,167			21,610,822	23,011,167
Special Education	9,818,021	9,780,983			9,818,021	9,780,983
Other Instruction	1,152,865	1,161,515			1,152,865	1,161,515
School Sponsored Activities and Ath.	1,053,955	1,093,371			1,053,955	1,093,371
Support Services						
Student and Instruction Related Serv.	6,354,445	5,888,655			6,354,445	5,888,655
General Administrative Services	1,388,349	1,302,704			1,388,349	1,302,704
School Administrative Services	3,136,804	3,196,004			3,136,804	3,196,004
Central and Other Support Services	1,061,407	1,117,163			1,061,407	1,117,163
Plant Operations and Maintenance	3,523,808	3,982,590			3,523,808	3,982,590
Pupil Transportation	1,189,341	1,490,206			1,189,341	1,490,206
Interest on Long Term Debt	366,987	305,972			366,987	305,972
Food Services			725,106	813,994	725,106	813,994
Preschool Program	-	-	105,626	446,530	105,626	446,530
Total Expenses	<u>50,656,804</u>	<u>52,330,330</u>	<u>830,732</u>	<u>1,260,524</u>	<u>51,487,536</u>	<u>53,590,854</u>
Increase (Decrease) in Net Position						
Before Transfers	<u>2,944,362</u>	<u>1,960,891</u>	<u>(369,029)</u>	<u>(548,623)</u>	<u>2,575,333</u>	<u>1,412,268</u>
Transfers	<u>(375,000)</u>	<u>(561,000)</u>	<u>375,000</u>	<u>561,000</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>2,569,362</u>	<u>1,399,891</u>	<u>5,971</u>	<u>12,377</u>	<u>2,575,333</u>	<u>1,412,268</u>
Net Position, Beginning of Year	<u>(16,555,932)</u>	<u>131,028</u>	<u>22,748</u>	<u>10,371</u>	<u>(16,533,184)</u>	<u>141,399</u>
Prior Period Adjustment	<u>-</u>	<u>(18,086,851)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,086,851)</u>
Net Position, End of Year	<u>\$ (13,986,570)</u>	<u>\$ (16,555,932)</u>	<u>\$ 28,719</u>	<u>\$ 22,748</u>	<u>\$ (13,957,851)</u>	<u>\$ (16,533,184)</u>

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

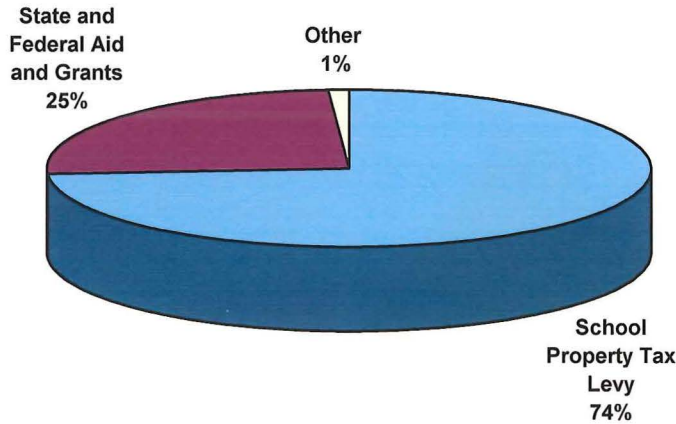
Governmental Activities. The District’s total governmental activities’ revenues, which includes State and Federal grants, were \$53,601,166 for the fiscal year ended June 30, 2020, property taxes of \$39,555,241 represented 74% of revenues. Another significant portion of revenues came from grants and aid; total State, Federal and local grants and aid was \$13,593,066 represented 25% of revenues. In addition charges for services from tuition and transportation and other miscellaneous revenue was earned from items which include interest, prior year refunds and other miscellaneous income.

The total cost of all governmental activities programs and services was \$50,656,804 for the fiscal year ended June 30, 2020. The District’s expenses are predominantly related to educating and caring for students. Instruction totaled \$33,635,663 (66%) of total expenses. Support services totaled \$16,654,154 (33%) of total expenses. Interest charges for long-term debt represents less than 1% of governmental expenses.

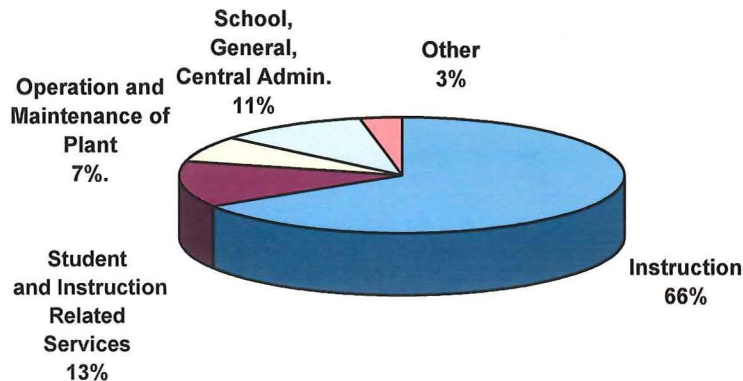
The District had transfers out of governmental activities to business-type activities in the amount of \$375,000.

Total governmental activities revenues exceeded expenses and transfers out increasing net position \$2,569,362 from the previous year.

**Revenues by Source- Governmental Activities
For Fiscal Year 2020**



**Expenses by Type- Governmental Activities
For Fiscal Year 2020**



**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

Total and Net Cost of Governmental Activities. The District's total cost of services was \$50,656,804 for the fiscal year ended June 30, 2020. After applying program revenues, derived from charges for services of \$205,672 and operating grants and contributions of \$13,183,013 the net cost of services of the District is \$37,268,119.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2020 and 2019**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction				
Regular	\$ 21,610,822	\$ 23,011,167	\$ 15,734,183	\$ 15,652,388
Special Education	9,818,021	9,780,983	5,568,081	5,339,646
Other Instruction	1,152,865	1,161,515	825,709	771,373
School Sponsored Activities and Athletics	1,053,955	1,093,371	1,048,339	1,050,464
Support Services				
Student and Instruction Related Svcs.	6,354,445	5,888,655	4,621,257	4,661,892
General Administrative Services	1,388,349	1,302,704	1,301,639	1,266,557
School Administrative Services	3,136,804	3,196,004	2,519,569	2,419,003
Central and Other Support Services	1,061,407	1,117,163	1,054,715	1,064,974
Plant Operations and Maintenance	3,523,808	3,982,590	3,433,317	3,802,873
Pupil Transportation	1,189,341	1,490,206	794,323	1,060,149
Interest on Long Term Debt	366,987	305,972	366,987	305,972
Total	<u>\$ 50,656,804</u>	<u>\$ 52,330,330</u>	<u>\$ 37,268,119</u>	<u>\$ 37,395,291</u>

Business-Type Activities – The District's total business-type activities revenues were \$461,703 for the fiscal year ended June 30, 2020. Charges for services accounted for 46% or \$211,939 of total revenues for the year. Operating grants and contributions accounted for 54% or \$248,523 of total revenues for the year. In addition, miscellaneous revenue was earned from interest income which represented less than one percent of revenues for the year.

The total cost of all business-type activities programs and services was \$830,732. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District at a total cost of \$725,106 (87%) and the Preschool Program which offers education to resident children between the ages of 3 and 4 years old at a total cost of \$105,626 (13%).

The District had transfers into business-type activities from governmental activities in the amount of \$375,000.

Total business-type activities revenues and transfers in surpassed expenses increasing net position by \$5,971 from the previous year.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund deficit of \$3,239,357. The prior year fund deficit at June 30, 2019 was \$2,953,597. The net increase in the deficit for the year ended June 30, 2020 was \$285,760.

Revenues for the District's governmental funds were \$51,037,434 while total expenses were \$51,247,543 for the year ended June 30, 2020. The governmental funds also had other financing sources of \$459,377 and other financing uses of \$535,028.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from kindergarten through grade 12 including pupil transportation activities, operation and maintenance of plant and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Local Sources:				
Property Tax Levy	\$ 38,800,441	\$ 38,039,648	\$ 760,793	2%
Other	380,858	380,749	109	0%
State Sources	9,654,561	9,038,390	616,171	7%
Federal Sources	<u>56,233</u>	<u>58,364</u>	<u>(2,131)</u>	-4%
 Total General Fund Revenues	 <u>\$ 48,892,093</u>	 <u>\$ 47,517,151</u>	 <u>\$ 1,374,942</u>	 3%

Total General Fund Revenues increased by \$1,374,942 or 3% over the previous year. Local property taxes increased by \$760,793 or 2% over the previous year primarily to offset increases in operating costs. Miscellaneous revenues remained virtually unchanged from the previous year. In addition, State aid revenues increased \$616,171 or 7% largely due to an increase in on-behalf State aid for teachers' pension contributions paid by the State on behalf of the District's teaching professionals. Federal aid revenues decreased by 4% due to a one-time FEMA reimbursement received in the prior year.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Instruction	\$ 30,159,212	\$ 30,780,135	\$ (620,923)	-2%
Support Services	15,655,517	15,919,429	(263,912)	-2%
Debt Services	1,090,371	-	1,090,371	100%
Capital Outlay	<u>660,603</u>	<u>-</u>	<u>660,603</u>	100%
Total Expenditures	<u>\$ 47,565,703</u>	<u>\$ 46,699,564</u>	<u>\$ 866,139</u>	2%

Total General Fund expenditures increased \$866,139 or approximately 2% from the previous year. The increase was mainly due to increases in contractual salary and wage costs and the first installment due on the state aid advance loan repayment which were offset by a decrease in employee benefit costs for the current year.

During the current fiscal year the District received other financing sources of \$237,322 which represented capital lease proceeds as well as the transfer of interest earnings from the capital projects fund in the amount of \$72,001. In addition other financing uses totaled \$375,000 which represented transfers to the enterprise funds to subsidize food service (\$350,000) and preschool program (\$25,000) operations during the current fiscal year.

For the fiscal year ended June 30, 2020 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$1,260,713. As a result, the total fund balance increased to \$2,144,036 at June 30, 2020. After deducting restricted and assigned fund balances, the unassigned fund balance increased by \$76,085 to \$202,759 at June 30, 2020 from a fund balance of \$126,674 at June 30, 2019. Restricted fund balances increased \$540,021 and assigned fund balances increased by \$644,607.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal, State and Local sources utilized in the operations of the district in providing educational services to students.

Revenues of the Special Revenue Fund were \$1,318,540 for the year ended June 30, 2020. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 78% or \$1,030,546 of the total revenue for the year. State sources accounted for 22% or \$287,047 of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$1,318,540. Instructional expenditures were \$960,832 or 73% and expenditures for support services were \$357,708 or 27% of the total amount expended for the year ended June 30, 2019.

Capital Projects Fund - The capital project expenditures and other financing uses exceeded revenues and other financing sources by \$1,555,400 resulting in a fund deficit of \$5,531,932 at June 30, 2020. This fund deficit was the result of expenditures related to the 2016 voter approved referendum projects for improvements to various schools which has not been permanently financed as of year-end. The voters approved and authorized the issuance of \$19,873,807 in bonds which have not been issued by the District as of June 30, 2020.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities which are supported in part through user fees.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

Enterprise Fund - The District uses an Enterprise Fund to report activities related to the Food Services and Preschool programs. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories:

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Appropriating additional unassigned fund balance for unbudgeted costs.
- Reinstating prior year purchase orders being carried over from the previous year's budget.

Revisions in the budget were also made through budget transfer.

General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing the budgetary fund balance by \$1,255,589 from the previous year. After deducting restricted and assigned fund balances, the unassigned budgetary fund balance increased \$70,961 from a fund balance of \$649,215 at June 30, 2019 to a fund balance of \$720,176 at June 30, 2020. In addition, the District established a capital reserve and maintenances reserve at year end for \$270,021 and \$270,000, respectively. The District also assigned and designated \$534,746 of its year end fund balance for use in the 2020/2021 budget.

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$7,813,666 (net of accumulated depreciation). The capital assets consist of land, construction in progress, buildings, building improvements, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2019-2020 amounted to \$508,012 for governmental activities.

**Capital Assets at June 30, 2020 and 2019
(Net of Accumulated Depreciation)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 128,091	\$ 128,091			\$ 128,091	\$ 128,091
Construction in Progress	5,654,113	3,976,532			5,654,113	3,976,532
Building and Building Improvements	1,487,146	1,553,383			1,487,146	1,553,383
Machinery and Equipment	<u>544,316</u>	<u>421,669</u>	\$ 2,136	\$ 3,192	<u>546,452</u>	<u>424,861</u>
Total Capital Assets, Net	<u>\$ 7,813,666</u>	<u>\$ 6,079,675</u>	<u>\$ 2,136</u>	<u>\$ 3,192</u>	<u>\$ 7,815,802</u>	<u>\$ 6,082,867</u>

Additional information on the District's capital assets are presented in the Notes of this report.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

LONG TERM LIABILITIES

At June 30, 2020 the District had \$16,157,973 of long term liabilities. Of this amount \$755,000 is for serial bonds; \$804,723 is for capital leases payable, \$3,119,241 is for compensated absences; \$43,647 is for deferred pension obligation; \$4,320,000 is for state aid advance loan payable; and \$7,115,367 is for the District's net pension liability. For fiscal year 2020 total outstanding long-term liabilities decreased by \$1,452,447. The following is a comparison of the June 30, 2020 and 2019 balances.

**Long-Term Liabilities Outstanding
as of June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Bond Payable	\$ 755,000	\$ 1,140,000
Capital Leases Payable	804,723	864,582
Lease Purchase Agreement Payable	-	274,423
Compensated Absences Payable	3,119,241	2,745,604
Deferred Pension Obligation	43,647	54,291
State Aid Advance Loan Payable	4,320,000	4,800,000
Net Pension Liability	<u>7,115,362</u>	<u>7,731,520</u>
 Total	 <u>\$ 16,157,973</u>	 <u>\$ 17,610,420</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

While many factors influence the district's future, the availability of funding for special education needs, student enrollment, condition of school facilities, financial condition of the District and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2020-2021 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2020-2021. Budgeted expenditures in the General Fund increased approximately 6% to \$44,221,853 in fiscal year 2020-2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, Lyndhurst Board of Education, 420 Fern Avenue, Lyndhurst, NJ 07071.

DISTRICT-WIDE FINANCIAL STATEMENTS

LYNDHURST BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 10,225,203	\$ 14,957	\$ 10,240,160
Receivables, Net	261,870	15,875	277,745
Internal Balances	(4,000)	4,000	-
Inventory		34,367	34,367
Capital Assets, Not Being Depreciated	5,782,204		5,782,204
Capital Assets, Being Depreciated, Net	<u>2,031,462</u>	<u>2,136</u>	<u>2,033,598</u>
Total Assets	<u>18,296,739</u>	<u>71,335</u>	<u>18,368,074</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>942,464</u>	-	<u>942,464</u>
Total Deferred Outflows of Resources	<u>942,464</u>	-	<u>942,464</u>
Total Assets and Deferred Outflows of Resources	<u>19,239,203</u>	<u>71,335</u>	<u>19,310,538</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,695,697		1,695,697
Payable to Other Governments	30,216		30,216
Accrued Interest Payable	218,136		218,136
Unearned Revenue	22,517	37,799	60,316
Notes Payable	11,986,922		11,986,922
Noncurrent Liabilities			
Due within one year	1,281,614		1,281,614
Due beyond one year	<u>14,876,359</u>	-	<u>14,876,359</u>
Total Liabilities	<u>30,111,461</u>	<u>37,799</u>	<u>30,149,260</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	3,114,312		3,114,312
Deferred Commodities Revenue	<u>-</u>	<u>4,817</u>	<u>4,817</u>
Total Deferred Inflows of Resources	<u>3,114,312</u>	<u>4,817</u>	<u>3,119,129</u>
Total Liabilities and Deferred Inflows of Resources	<u>33,225,773</u>	<u>42,616</u>	<u>33,268,389</u>
NET POSITION			
Net Investment in Capital Assets	722,011	2,136	724,147
Restricted for			
Capital Projects	270,021		270,021
Plant Maintenance	270,000		270,000
Debt Service	148,539		148,539
Unrestricted	<u>(15,397,141)</u>	<u>26,583</u>	<u>(15,370,558)</u>
Total Net Position	<u>\$ (13,986,570)</u>	<u>\$ 28,719</u>	<u>\$ (13,957,851)</u>

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities							
Instruction							
Regular	\$ 21,610,822	\$ 55,827	\$ 5,820,812		\$ (15,734,183)		\$ (15,734,183)
Special Education	9,818,021		4,249,940		(5,568,081)		(5,568,081)
Other Instruction	1,152,865		327,156		(825,709)		(825,709)
School Sponsored Activities and Athletics	1,053,955		5,616		(1,048,339)		(1,048,339)
Support Services							
Student and Instruction Related Services	6,354,445		1,733,188		(4,621,257)		(4,621,257)
General Administrative Services	1,388,349		86,710		(1,301,639)		(1,301,639)
School Administrative Services	3,136,804		617,235		(2,519,569)		(2,519,569)
Central and Other Support Services	1,061,407		6,692		(1,054,715)		(1,054,715)
Plant Operations and Maintenance	3,523,808		90,491		(3,433,317)		(3,433,317)
Pupil Transportation	1,189,341	149,845	245,173		(794,323)		(794,323)
Interest on Long-Term Debt	366,987	-	-	-	(366,987)	-	(366,987)
Total Governmental Activities	50,656,804	205,672	13,183,013	-	(37,268,119)	-	(37,268,119)
Business-Type Activities							
Food Service	725,106	132,344	248,523	-	-	\$ (344,239)	(344,239)
Preschool Program	105,626	79,595	-	-	-	(26,031)	(26,031)
Total Business-Type Activities	830,732	211,939	248,523	-	-	(370,270)	(370,270)
Total Primary Government	\$ 51,487,536	\$ 417,611	\$ 13,431,536	\$ -	(37,268,119)	(370,270)	(37,638,389)

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues			
Taxes			
Property Taxes Levied for General Purposes	\$ 38,800,441		\$ 38,800,441
Property Taxes Levied for Debt Service	754,800		754,800
State Aid -Unrestricted	410,053		410,053
Investment Earnings	174,567	\$ 1,241	175,808
Miscellaneous Income	72,620		72,620
Transfers	(375,000)	375,000	-
 Total General Revenues and Transfers	39,837,481	376,241	40,213,722
 Change in Net Position	2,569,362	5,971	2,575,333
Net Position, Beginning of Year (Restated)	(16,555,932)	22,748	(16,533,184)
Net Position, End of Year	\$ (13,986,570)	\$ 28,719	\$ (13,957,851)

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 3,428,636		\$ 6,693,678	\$ 102,889	\$ 10,225,203
Intergovernmental Receivables		\$ 258,570			258,570
Other Accounts Receivables	3,300				3,300
Due from Other Funds	<u>237,204</u>	<u>-</u>	<u>-</u>	<u>45,650</u>	<u>282,854</u>
Total Assets	<u>\$ 3,669,140</u>	<u>\$ 258,570</u>	<u>\$ 6,693,678</u>	<u>\$ 148,539</u>	<u>\$ 10,769,927</u>
LIABILITIES					
Liabilities					
Accounts Payable	\$ 721,934	\$ 174,593			\$ 896,527
Compensated Absences Payable	78,012				78,012
Accrued Liability for Insurance Claims	720,000				720,000
Payable to State Government		29,014			29,014
Payable to Federal Government		1,202			1,202
Due to Other Funds	5,158	31,244	251,610		288,012
Unearned Revenue		22,517			22,517
Notes Payable	<u>-</u>	<u>-</u>	<u>11,974,000</u>	<u>-</u>	<u>11,974,000</u>
Total Liabilities	<u>1,525,104</u>	<u>258,570</u>	<u>12,225,610</u>	<u>-</u>	<u>14,009,284</u>
FUND BALANCES (DEFICITS)					
Fund Balances (Deficits)					
Restricted					
Legally Restricted - Disallowed Grant Costs	301,224				301,224
Capital Reserve	270,021				270,021
Maintenance Reserve	270,000				270,000
Debt Service				\$ 148,539	148,539
Assigned					
Year End Encumbrances	565,286				565,286
Designated for Subsequent Year's Expenditures	534,746				534,746
Unassigned	<u>202,759</u>	<u>-</u>	<u>(5,531,932)</u>	<u>-</u>	<u>(5,329,173)</u>
Total Fund Balances (Deficits)	<u>2,144,036</u>	<u>-</u>	<u>(5,531,932)</u>	<u>148,539</u>	<u>(3,239,357)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 3,669,140</u>	<u>\$ 258,570</u>	<u>\$ 6,693,678</u>	<u>\$ 148,539</u>	<u>\$ 10,769,927</u>

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

Total Fund Balances (Exhibit B-1) \$ (3,239,357)

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 \$16,635,755 and the accumulated depreciation is \$8,822,089.

7,813,666

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

	\$	942,464
Deferred Outflows of Resources		(3,114,312)
Deferred Inflows of Resources		<u> </u>

(2,171,848)

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

(218,136)

Premiums received on bond anticipation notes are deferred and amortized over the life of the note.

(12,922)

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

	(755,000)
Bonds Payable	(804,723)
Capital Leases Payable	(3,119,241)
Compensated Absences	(43,647)
Deferred Pension Obligation	(4,320,000)
State Aid Advance Loan Payable	<u>(7,115,362)</u>
Net Pension Liability	<u> </u>

(16,157,973)

Net Position of Governmental Activities (Exhibit A-1)

\$ (13,986,570)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 38,800,441			\$ 754,800	\$ 39,555,241
Tuition	55,827				55,827
Transportation Fees	149,845				149,845
Interest	102,566		\$ 72,001		174,567
Miscellaneous - Unrestricted	<u>72,620</u>	<u>\$ 947</u>	<u>-</u>	<u>-</u>	<u>73,567</u>
Total - Local Sources	39,181,299	947	72,001	754,800	40,009,047
State Sources	9,654,561	\$ 287,047			9,941,608
Federal Sources	<u>56,233</u>	<u>1,030,546</u>	<u>-</u>	<u>-</u>	<u>1,086,779</u>
Total Revenues	<u>48,892,093</u>	<u>1,318,540</u>	<u>72,001</u>	<u>754,800</u>	<u>51,037,434</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	19,421,045	301,291			19,722,336
Special Education Instruction	8,655,004	647,609			9,302,613
Other Instruction	1,033,666	11,932			1,045,598
School-Sponsored Activities and Athletics	1,049,497				1,049,497
Support Services					
Student and Instruction Related Services	5,525,464	357,708			5,883,172
General Administrative Services	1,448,485				1,448,485
School Administrative Services	2,923,768				2,923,768
Central and Other Support Service	1,055,782				1,055,782
Plant Operations and Maintenance	3,515,567				3,515,567
Student Transportation	1,186,451				1,186,451
Debt Service					
Principal	1,051,604			385,000	1,436,604
Interest and Other Charges	38,767			396,900	435,667
Capital Outlay	<u>660,603</u>	<u>-</u>	<u>1,581,400</u>	<u>-</u>	<u>2,242,003</u>
Total Expenditures	<u>47,565,703</u>	<u>1,318,540</u>	<u>1,581,400</u>	<u>781,900</u>	<u>51,247,543</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,326,390</u>	<u>-</u>	<u>(1,509,399)</u>	<u>(27,100)</u>	<u>(210,109)</u>
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	237,322				237,322
Premiums on Notes			62,027		62,027
Transfers In	72,001		26,000	62,027	160,028
Transfers Out	<u>(375,000)</u>	<u>-</u>	<u>(134,028)</u>	<u>(26,000)</u>	<u>(535,028)</u>
Total Other Financing Sources and Uses	<u>(65,677)</u>	<u>-</u>	<u>(46,001)</u>	<u>36,027</u>	<u>(75,651)</u>
Net Change in Fund Balances	1,260,713	-	(1,555,400)	8,927	(285,760)
Fund Balance (Deficits), Beginning of Year	<u>883,323</u>	<u>-</u>	<u>(3,976,532)</u>	<u>139,612</u>	<u>(2,953,597)</u>
Fund Balance (Deficits), End of Year	<u>\$ 2,144,036</u>	<u>\$ -</u>	<u>\$ (5,531,932)</u>	<u>\$ 148,539</u>	<u>\$ (3,239,357)</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (285,760)

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

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

Capital Outlays	\$	2,242,003	
Depreciation Expense		<u>(508,012)</u>	
			1,733,991

The issuance of long-term debt provides current financial resources to governmental funds, however these transaction have no effect in the statement activities

Capital Lease Proceeds			(237,322)
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Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities

Bond Principal		385,000	
Capital Lease Principal		297,181	
Lease Purchase Agreement Principal		274,423	
State Aid Advance Loan Payable		<u>480,000</u>	
			1,436,604

The premiums received on short-term notes provides current financial resources to the governmental funds but they are deferred on the statement of net position and amortized over the life of the notes on the statement of activities.

Premium on Bond Anticipation Notes		(62,027)	
Amortization of Premium on Notes		<u>68,680</u>	
			6,653

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

Increase in Compensated Absences		(373,637)	
Decrease in Deferred Pension Obligations		10,644	
Decrease in Pension Expense		<u>187,525</u>	
			(175,468)

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

Increase in Accrued Interest			<u>90,664</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 2,569,362**

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

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

**Business-Type Activities
Enterprise Funds**

	<u>Food Service</u>	<u>Preschool Program</u>	<u>Total</u>
ASSETS			
Cash	\$ 10,454	\$ 4,503	\$ 14,957
Intergovernmental Receivable, Net:	7,104		7,104
Accounts Receivable, Net	6,925	1,846	8,771
Due from Other Funds	4,000		4,000
Inventory	<u>34,367</u>	<u>-</u>	<u>34,367</u>
Total Current Assets	<u>62,850</u>	<u>6,349</u>	<u>69,199</u>
Capital Assets			
Equipment	94,400		94,400
Accumulated Depreciation	<u>(92,264)</u>	<u>-</u>	<u>(92,264)</u>
Total Capital Assets, Net	<u>2,136</u>	<u>-</u>	<u>2,136</u>
Total Assets	<u>64,986</u>	<u>6,349</u>	<u>71,335</u>
LIABILITIES			
Current Liabilities			
Unearned Revenue	<u>37,799</u>	<u>-</u>	<u>37,799</u>
Total Current Liabilities	<u>37,799</u>	<u>-</u>	<u>37,799</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Commodities Revenue	<u>4,817</u>	<u>-</u>	<u>4,817</u>
Total Liabilities and Deferred Inflow of Resources	<u>42,616</u>	<u>-</u>	<u>42,616</u>
NET POSITION			
Investment in Capital Assets	2,136	-	2,136
Unrestricted	<u>20,234</u>	<u>6,349</u>	<u>26,583</u>
Total Net Position	<u>\$ 22,370</u>	<u>\$ 6,349</u>	<u>\$ 28,719</u>

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

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

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Preschool Program</u>	<u>Total</u>
OPERATING REVENUES			
Local Sources			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 124,404		\$ 124,404
Daily Sales - Non-Reimbursable Program	7,940		7,940
Program Fees	-	\$ 79,595	79,595
	<u>132,344</u>	<u>79,595</u>	<u>211,939</u>
Total Operating Revenues			
OPERATING EXPENSES			
Cost of Sales - Reimbursable Programs	198,419		198,419
Cost of Sales - Non-Reimbursable Programs	12,664		12,664
Salaries	415,401	91,196	506,597
Employee Benefits	38,778	11,236	50,014
Purchased Management Services	22,110		22,110
Insurance	12,202		12,202
Other Purchased Services	9,080	222	9,302
Repair and Maintenance	7,827		7,827
General Supplies	1,629	150	1,779
Miscellaneous	5,940	2,822	8,762
Depreciation	1,056	-	1,056
	<u>725,106</u>	<u>105,626</u>	<u>830,732</u>
Total Operating Expenses			
Operating Loss	<u>(592,762)</u>	<u>(26,031)</u>	<u>(618,793)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	4,154		4,154
Federal Sources			
National School Breakfast Program	24,239		24,239
National School Lunch Program	189,243		189,243
Food Distribution Program	30,887		30,887
Interest Income	1,218	23	1,241
	<u>249,741</u>	<u>23</u>	<u>249,764</u>
Total Nonoperating Revenues			
Changes in Net Position Before Transfers	(343,021)	(26,008)	(369,029)
Transfers In	350,000	25,000	375,000
Net Change in Net Position	6,979	(1,008)	5,971
Total Net Position, Beginning of Year	15,391	7,357	22,748
Total Net Position, End of Year	<u>\$ 22,370</u>	<u>\$ 6,349</u>	<u>\$ 28,719</u>

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

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

	Business-Type Activities		
	Enterprise Funds		
	Food Service	Preschool Program	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 146,483	\$ 84,443	\$ 230,926
Cash Payments for Employees			
Salaries and Benefits	(454,179)	(102,432)	(556,611)
Cash Payments to Suppliers for Goods and Services	<u>(275,482)</u>	<u>(3,194)</u>	<u>(278,676)</u>
Net Cash Used for Operating Activities	<u>(583,178)</u>	<u>(21,183)</u>	<u>(604,361)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	229,714	-	229,714
Cash Received from Other Funds	<u>350,000</u>	<u>25,000</u>	<u>375,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>579,714</u>	<u>25,000</u>	<u>604,714</u>
Cash Flows from Investing Activities			
Interest Received	<u>1,218</u>	<u>23</u>	<u>1,241</u>
Net Cash Provided by Investing Activities	<u>1,218</u>	<u>23</u>	<u>1,241</u>
Net Increase (Decrease) in Cash	(2,246)	3,840	1,594
Cash, Beginning of Year	<u>12,700</u>	<u>663</u>	<u>13,363</u>
Cash, End of Year	<u>\$ 10,454</u>	<u>\$ 4,503</u>	<u>\$ 14,957</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities			
Operating Loss	\$ (592,762)	\$ (26,031)	\$ (618,793)
Adjustments to Reconcile Operating Loss to Net Cash (Used for) Operating Activities			
Depreciation	1,056	-	1,056
Non-Cash Federal Assistance-Food Distribution Program	30,887		30,887
Change in Assets, Liabilities and Deferred Inflows of Resources			
(Increase)/Decrease in Accounts Receivable	(442)	4,848	4,406
(Increase)/Decrease in Inventory	(18,281)		(18,281)
Increase/(Decrease) in Accounts Payable	(21,841)		(21,841)
Increase/(Decrease) in Unearned Revenue	14,581		14,581
Increase/(Decrease) in Deferred Commodities Revenue	<u>3,624</u>	<u>-</u>	<u>3,624</u>
Total Adjustments	<u>9,584</u>	<u>4,848</u>	<u>14,432</u>
Net Cash Used for Operating Activities	<u>\$ (583,178)</u>	<u>\$ (21,183)</u>	<u>\$ (604,361)</u>
Non-Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	\$ 34,512		

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

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

	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash	\$ 69,907	\$ 1,635,272
Due from Other Funds	-	1,158
	<hr/>	<hr/>
Total Assets	69,907	\$ 1,636,430
	<hr/>	<hr/>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 105,956
Employee Deposits Payable		1,193,123
Due to Student Groups	-	337,351
	<hr/>	<hr/>
Total Liabilities	-	\$ 1,636,430
	<hr/>	<hr/>
NET POSITION		
Held in Trust for Scholarship Awards	\$ 69,907	
	<hr/>	

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

	<u>Private Purpose Scholarship Fund</u>
ADDITIONS	
Investment Earnings	
Interest	\$ <u>1,197</u>
Total Additions	1,197
DEDUCTIONS	
Scholarship Awards	<u>-</u>
Change in Net Position	1,197
Net Position, Beginning of the Year	<u>68,710</u>
Net Position, End of the Year	<u>\$ 69,907</u>

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Lyndhurst Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Kindergarten through grade twelve (12) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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

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

B. New Accounting Standards

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

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for administrators, teachers and special events.

The *preschool fund* accounts for the activities of the District's preschool program which provides a learning environment and educational programs to resident children between the ages of 3 and 4 years old.

Additionally, the District reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Inventories*

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

4. *Capital Assets*

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	20-50
Heavy Equipment	7-10
Office Equipment and Furniture	5-10
Computer Equipment	5

5. *Deferred Outflows/Inflows of Resources*

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

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

7. Pensions

In the district-wide financial statements and proprietary fund types in the fund financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

8. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Note premiums are deferred and amortized over the life of the note using the straight-line method. Notes payable are reported with the unamortized note premium in the statement of net position.

In the fund financial statements, governmental fund types recognize note premiums during the current period. The face amount of long-term debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

Legally Restricted – Disallowed Grant Costs – This restriction was created to represent the amount of prior years' expenditures paid from federal grant programs that were determined to be unallowable as a result of an audit performed by the grantor agencies. These disallowed grant costs are currently under appeal by the District.

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

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

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

Tuition Expenditures - Tuition charges for the fiscal years 2018-2019 and 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$892,540. The increase was funded by the additional appropriation of unassigned fund balance, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$137,374 from the general fund.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an accumulated deficit in fund balance of \$5,531,932 in the Capital Projects Fund as of June 30, 2020. This deficit is the result of the Board incurring expenditures for the 2016 bond referendum prior to the sale of school bonds which were approved by the voters for an amount of \$19,873,807 but were unissued at year end. As the Board permanently finances these appropriations, the District will realize as other financing sources the proceeds of the bond financing. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

C. Capital Reserve

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

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

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

Balance, July 1, 2019	\$ -
Increased by	
Deposits Approved by Board Resolution	270,021
Balance, June 30, 2020	\$ 270,021

D. Maintenance Reserve

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve (Continued)

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

Balance, July 1, 2019	\$ -
Increased by	
Deposits Approved by Board Resolution	<u>270,000</u>
Balance, June 30, 2020	<u>\$ 270,000</u>

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$2,302,643.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$11,945,339 and bank and brokerage firm balances of the Board's deposits amounted to \$13,209,349. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account

Insured	<u>\$ 13,209,349</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2020 none of the Board's bank balances were exposed to custodial credit risk.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

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

As of June 30, 2020, the Board had no outstanding investments.

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

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

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

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

B. Receivables

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

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Preschool Program</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Local					\$ -
State		\$ 26,260	\$ 71		26,331
Federal		232,310	7,033		239,343
Accounts	3,300	-	6,925	\$ 1,846	12,071
Gross Receivables	3,300	258,570	14,029	1,846	277,745
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 3,300</u>	<u>\$ 258,570</u>	<u>\$ 14,029</u>	<u>\$ 1,846</u>	<u>\$ 277,745</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 16,137
Grant Draw Downs Reserved for Encumbrances	<u>6,380</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 22,517</u>

D. Capital Assets

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

	Balance, <u>July 1, 2019</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2020</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 128,091			\$ 128,091
Construction in Progress	<u>3,976,532</u>	\$ 1,677,581	<u>-</u>	<u>5,654,113</u>
Total Capital Assets, Not Being Depreciated	<u>4,104,623</u>	<u>1,677,581</u>	<u>-</u>	<u>5,782,204</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	8,533,941	288,073		8,822,014
Machinery and Equipment	<u>1,755,188</u>	<u>276,349</u>	<u>-</u>	<u>2,031,537</u>
Total Capital Assets Being Depreciated	<u>10,289,129</u>	<u>564,422</u>	<u>-</u>	<u>10,853,551</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(6,980,558)	(354,310)		(7,334,868)
Machinery and Equipment	<u>(1,333,519)</u>	<u>(153,702)</u>	<u>-</u>	<u>(1,487,221)</u>
Total Accumulated Depreciation	<u>(8,314,077)</u>	<u>(508,012)</u>	<u>-</u>	<u>(8,822,089)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,975,052</u>	<u>56,410</u>	<u>-</u>	<u>2,031,462</u>
Governmental Activities Capital Assets, Net	<u>6,079,675</u>	<u>\$ 1,733,991</u>	<u>\$ -</u>	<u>\$ 7,813,666</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance <u>July 1, 2019</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2020</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 94,400	\$ -	-	\$ 94,400
Total Capital Assets Being Depreciated	<u>94,400</u>	<u>-</u>	<u>-</u>	<u>94,400</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(91,208)</u>	<u>(1,056)</u>	<u>-</u>	<u>(92,264)</u>
Total Accumulated Depreciation	<u>(91,208)</u>	<u>(1,056)</u>	<u>-</u>	<u>(92,264)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,192</u>	<u>(1,056)</u>	<u>-</u>	<u>2,136</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,192</u>	<u>\$ (1,056)</u>	<u>\$ -</u>	<u>\$ 2,136</u>

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

Governmental Activities:

Instruction	
Regular	\$ 243,680
Special Education	74,327
Other Instruction	13,008
School Sponsored Activities and Athletics	<u>12,565</u>
Total Instruction	<u>343,580</u>
Support Services	
Students and Instruction Related Services	64,556
General Administrative Services	10,587
School Administrative Services	38,872
Central and Other Support Services	15,285
Plant Operations and Maintenance	28,970
Pupil Transportation	<u>6,162</u>
Total Support Services	<u>164,432</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 508,012</u>
Business-Type Activities:	
Food Service	<u>\$ 1,056</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 1,056</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

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

<u>Project</u>	<u>Remaining Commitment</u>
Building Additions and Interior Renovations to Four District Schools	<u>\$ 12,528,000</u>

E. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 31,244
General Fund	Capital Projects Fund	205,960
Debt Service Fund	Capital Projects Fund	45,650
Food Service Fund	General Fund	4,000
Payroll Agency Fund	General Fund	<u>1,158</u>
		<u>\$ 288,012</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>					<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Food Service Fund</u>	<u>Preschool Program Fund</u>	
Transfer Out:						
General Fund				\$ 350,000	\$ 25,000	\$ 375,000
Capital Projects Fund	\$ 72,001		\$ 62,027			134,028
Debt Service Fund	-	\$ 26,000	-	-	-	<u>26,000</u>
 Total	<u>\$ 72,001</u>	<u>\$ 26,000</u>	<u>\$ 62,027</u>	<u>\$ 350,000</u>	<u>\$ 25,000</u>	<u>\$ 535,028</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases copiers, AED devices and mail machines under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2020 were \$96,250. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2021	\$ 55,072
2022	50,314
2023	50,314
2024	<u>1,016</u>
Total	<u>\$ 156,716</u>

Capital Leases

The District is leasing buses, copiers and various equipment totaling \$1,484,316 under capital leases. The leases are for terms of 3 to 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u>\$ 1,484,316</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities Capital Leases</u>
2021	\$ 366,666
2022	249,834
2032	<u>249,837</u>
Total minimum lease payments	866,337
Less: amount representing interest	<u>(61,614)</u>
Present value of minimum lease payments	<u>\$ 804,723</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

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

\$2,270,000, 2016 Refunding Bonds, due in annual installments of \$375,000 to \$380,000 through July 1, 2021, interest at 4% \$755,000

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

Governmental activities:

Fiscal Year Ended <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 380,000	\$ 22,600	\$ 402,600
2022	<u>375,000</u>	<u>7,500</u>	<u>382,500</u>
	<u>\$ 755,000</u>	<u>\$ 30,100</u>	<u>\$ 785,100</u>

State Aid Advance Loan Payable

In 2018/2019, the Board entered into a loan agreement with the State of New Jersey in the amount of \$4,800,000 pursuant to N.J.S.A. 18A:7A-56 in the form of an advancement of state aid to provide funds to eliminate the unassigned budgetary fund deficit in the General Fund. The State aid advance loan is being repaid by the school district through automatic reductions in the State aid provided to the school district in each year. The term of the loan repayment is ten (10) years which began in the 2019/2020 school year at a minimum amount of \$480,000 per year, but may be for a shorter term as determined by the State Treasurer. At any time during the term of the repayment the State Treasurer, in consultation with the Commissioner of Education, may determine to impose interest on the unpaid balance. The State Treasurer has not imposed interest during the 2019/2020 school year.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

The Board's schedule of principal and interest for the State Aid Advance Loan Payable is as follows:

Governmental activities:

Year Ended June 30,	State Aid Advance Loan		Total
	Principal	Interest	
2021	\$ 480,000		\$ 480,000
2022	480,000		480,000
2023	480,000		480,000
2024	480,000		480,000
2025	480,000		480,000
2026-2030	<u>1,920,000</u>	<u>-</u>	<u>1,920,000</u>
Total	<u>\$ 4,320,000</u>	<u>\$ -</u>	<u>\$ 4,320,000</u>

Statutory Borrowing Power

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

4% of Equalized Valuation Basis (Municipal)	\$ 129,348,949
Less: Net Debt Issued And Debt Authorized But Not Issued	<u>20,602,807</u>
Remaining Borrowing Power	<u>\$ 108,746,142</u>

H. Other Long-Term Liabilities

Deferred Pension Obligation

During the 2008/2009 school year the Board elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System (PERS) obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$90,663 and is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.00% effective July 1, 2017), at June 30, 2020 is \$43,647.

During the fiscal years ended June 30, 2020, 2019 and 2018 the Board was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

Fiscal Year Ending June 30,	PERS
2020	14,444
2019	14,327
2018	14,248

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

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

	Balance, July 1, 2019 (Restated)	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2020	Due Within One Year
Governmental activities:					
Bonds Payable	\$ 1,140,000		\$ 385,000	\$ 755,000	\$ 380,000
Capital Leases	864,582	\$ 237,322	297,181	804,723	332,132
Lease Purchase Agreements	274,423		274,423	-	-
Compensated Absences	2,745,604	587,570	213,933	3,119,241	75,000
Deferred Pension Obligation	54,291	3,800	14,444	43,647	14,482
State Aid Advance Loan Payable	4,800,000		480,000	4,320,000	480,000
Net Pension Liability	<u>7,731,520</u>	<u>-</u>	<u>616,158</u>	<u>7,115,362</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 17,610,420</u>	<u>\$ 828,692</u>	<u>\$ 2,281,139</u>	<u>\$ 16,157,973</u>	<u>\$ 1,281,614</u>

For the governmental activities, the liabilities for capital leases, lease-purchase agreements, compensated absences, deferred pension obligations, state aid advance loan and net pension liability are generally liquidated by the general fund.

I. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2020 was as follows:

Bond Anticipation Notes

The Board issues Bond Anticipation Notes ("Project Notes") to interim finance Capital Projects. The Board issues Grant Anticipation Notes to interim finance capital projects funded by the State Development Authority's Facility construction grants. The Board issues loans to temporarily finance the delayed state aid payment received subsequent to the fiscal year end. The Board's short-term debt activity for the fiscal year ended June 30, 2020 was as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance, July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2020</u>
Bond Anticipation Notes:						
2016 Referendum Projects	2.00%	9/11/2020	\$ 12,000,000	\$ 11,974,000	\$ 12,000,000	\$ 11,974,000
Add: Premiums			<u>19,575</u>	<u>62,027</u>	<u>68,680</u>	<u>12,922</u>
			<u>\$ 12,019,575</u>	<u>\$ 12,036,027</u>	<u>\$ 12,068,680</u>	<u>\$ 11,986,922</u>

State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date; provided however that notes are not renewed beyond the third anniversary date of the originals unless an amount of such notes equal to the first legally payable installment of the bonds such notes were issued in anticipation of are paid and retired in each subsequent year.

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District has established a group medical and prescription drug benefits insurance plan for its employees and their eligible dependents. Transactions related to the plan are accounted for in the General Fund. This District and its employees contribute to fund the entire cost of the plan. Claims are paid directly by the plan without a maximum per person lifetime benefit. Annual claims in excess of \$125,000 per individual are reimbursed through a Re-Insurance Agreement with Sun Life Financial. The re-insurance policy also contains an annual aggregate loss provision in the amount of \$1,000,000 for aggregate losses up to the \$125,000 individual stop loss deductible per person based on an aggregate loss provision factor of \$1,832 per employee per month. A contingent liability exists with respect to reinsurance, which would become an accrual liability in the event the reinsuring company may not be able to meet their obligations to the District under existing reinsurance agreements.

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2020, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$720,000 reported at June 30, 2020 is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the group medical and prescription drug benefits plan for the fiscal years ended June 30, 2020 and 2019 are as follows:

	<u>Year Ended</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Unpaid Claims, beginning of fiscal year	\$ 742,000	\$ 970,000
Incurred claims (including IBNR's)	4,280,133	4,194,774
Claim payments	<u>(4,302,133)</u>	<u>(4,422,774)</u>
Unpaid claims, end of fiscal year	<u>\$ 720,000</u>	<u>\$ 742,000</u>

The District is a member of the School Alliance Insurance Fund (SAIF or Fund). The Fund is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2020, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

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

Other Pension Funds

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

In the July 1, 2018 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2020.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than the actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 384,116	\$ 4,013,218	\$ 38,318
2019	390,582	3,518,074	31,938
2018	368,495	2,617,939	37,055

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$2,058, \$1,861 and \$4,758, respectively for PERS and the State contributed \$4,160, \$4,587 and \$5,061, respectively for TPAF for Long Term Disability Insurance Premium (LTDD).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,376,787 during the fiscal year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2018 through June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$7,115,362 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .03949 percent, which was an increase of .00022 percent from its proportionate share measured as of June 30, 2018 of .03927 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$196,591 for PERS. The pension contribution made by the District during the current 2019/2020 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 127,711	\$ 31,433
Changes of Assumptions	710,495	2,469,720
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	112,319
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>104,258</u>	<u>500,840</u>
Total	<u>\$ 942,464</u>	<u>\$ 3,114,312</u>

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

Year Ending <u>December 31,</u>	<u>Total</u>
2021	\$ (293,936)
2022	(714,736)
2023	(689,926)
2024	(413,113)
2025	<u>(60,137)</u>
	<u>\$ (2,171,848)</u>

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2057
 Municipal Bond Rate *	 From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District’s proportionate share of the PERS net pension liability calculated using the discount rate of 6.28%, as well as what the District’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	1% Decrease <u>5.28%</u>	Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 8,987,858</u>	<u>\$ 7,115,362</u>	<u>\$ 5,537,518</u>

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

Pension Plan Fiduciary Net Position

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2019, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$6,342,262 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the net pension liability attributable to the District is \$107,527,548. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .17521 percent, which was an increase of .00165 percent from its proportionate share measured as of June 30, 2018 of .17356 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

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

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

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

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

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

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

Period of Projected Benefit

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2054

Municipal Bond Rate * From July 1, 2054 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.60%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	<u>1% Decrease (4.60%)</u>	<u>Current Discount Rate (5.60%)</u>	<u>1% Increase (6.60%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 126,798,779</u>	<u>\$ 107,527,548</u>	<u>\$ 91,538,512</u>

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

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

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$1,488,830, \$1,595,792 and \$1,690,871, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2018 through June 30, 2019. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,723,518. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$61,132,786. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .14650 percent, which was a decrease of .00187 percent from its proportionate share measured as of June 30, 2018 of .14837 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

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

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

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

Discount Rate

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>68,415,362</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,603,844
Interest on the Total OPEB Liability	2,713,542
Differences Between Expected and Actual Experience	(11,690,490)
Changes of Assumptions	911,495
Gross Benefit Payments	(1,876,594)
Contributions from the Member	55,627
Net Changes	<u>\$ (7,282,576)</u>
Balance, June 30, 2019 Measurement Date	<u>\$ 61,132,786</u>

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

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.50%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease (<u>2.50%</u>)	Current Discount Rate (<u>3.50%</u>)	1% Increase (<u>4.50%</u>)
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 72,271,398</u>	<u>\$ 61,132,786</u>	<u>\$ 52,278,740</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	<u>\$ 50,529,808</u>	<u>\$ 61,132,786</u>	<u>\$ 75,155,630</u>

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

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

NOTE 4 OTHER INFORMATION (Continued)

F. Tax Abatements

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

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

NOTE 5 RESTATEMENT

The financial statements as of June 30, 2019 have been adjusted to reflect the correction of capital asset values and unrecorded capital lease and lease purchase agreement outstanding balances from the amounts reported in previously issued financial statements as follows.

Governmental Activities

The financial statement as of June 30, 2019 of the governmental activities have been restated to reflect the adjustments of capital assets and accumulated depreciation to estimated historical values resulting in a net decrease in the amount of \$16,947,846 and to record previously unrecorded long-term liabilities of \$1,139,005. The effect of these restatements is to decrease net position of governmental activities by \$18,086,851 from \$1,530,919 as previously reported to \$(16,555,932) as of June 30, 2019.

Business-Type Activities and Proprietary Funds

The financial statements as of June 30, 2019 of the business-type activities and proprietary funds were restated to reflect the adjustments of unrecorded food service capital assets and related accumulated depreciation increasing the balance of both accounts by \$52,562, respectively. The net effect of this restatement had no effect on the previously reported business-type activities or total proprietary funds net position of \$22,748 as of June 30, 2019.

NOTE 6 SUBSEQUENT EVENTS

Serial Bonds

On September 9, 2020 the District issued \$19,845,000 in School District Bonds. These Bonds were issued in order to permanently finance expenditures related to the 2016 referendum for various capital improvement projects. The District awarded the said sale of bonds to Robert W. Baird & Co., Inc. at an interest rate of 1.00% to 2.00%. These Bonds dated September 1, 2020 will mature over 20 years with the first principal maturity due September 1, 2022.

Capital Lease

In fiscal year 2020/2021 the District entered into a capital lease agreement for \$450,366 with Hewlett-Packard Financial Services Company for technology equipment. The lease is for a term of 3 years with the first payment due November 7, 2020.

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

NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 38,800,441		\$ 38,800,441	\$ 38,800,441	
Tuition from Individuals	11,372		11,372	7,327	\$ (4,045)
Tuition from Other LEAs within the State	48,500		48,500	48,500	-
Transportation from Individuals	150,000		150,000	149,845	(155)
Rents and Royalties	25,000		25,000	-	(25,000)
Interest				102,566	102,566
Miscellaneous	48,000	-	48,000	72,620	24,620
Total Local	<u>39,083,313</u>	<u>-</u>	<u>39,083,313</u>	<u>39,181,299</u>	<u>97,986</u>
State Sources					
Special Education Aid	1,609,062		1,609,062	1,609,062	-
Equalization Aid	404,524		404,524	404,524	-
Security Aid	75,106		75,106	75,106	-
Transportation Aid	239,630		239,630	239,630	-
Extraordinary Aid	325,000		325,000	438,120	113,120
On-behalf TPAF Contributions (Nonbudgeted)					
Pension Benefit Contribution				3,942,552	3,942,552
Pension - NCGI Premium				70,666	70,666
Post Retirement Medical Benefit Contribution				1,488,830	1,488,830
Long-Term Disability Insurance Premium				4,160	4,160
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	-	-	-	1,376,787	1,376,787
Total State	<u>2,653,322</u>	<u>-</u>	<u>2,653,322</u>	<u>9,649,437</u>	<u>6,996,115</u>
Federal Sources					
Medicaid Reimbursement	41,081	\$ -	41,081	56,233	15,152
Total Federal Sources	<u>41,081</u>	<u>-</u>	<u>41,081</u>	<u>56,233</u>	<u>15,152</u>
Total Revenues	<u>41,777,716</u>	<u>-</u>	<u>41,777,716</u>	<u>48,886,969</u>	<u>7,109,253</u>
CURRENT EXPENDITURES					
Regular Programs-Instruction					
Salaries of Teachers:					
Kindergarten	583,313	\$ 158,058	741,371	733,591	7,780
Grades 1-5	3,720,167	(61,647)	3,658,520	3,651,010	7,510
Grades 6-8	2,593,514	40,725	2,634,239	2,626,233	8,006
Grades 9-12	4,237,124	89,618	4,326,742	4,325,809	933
Regular Programs-Home Instruction					
Salaries of Teachers	50,000	(11,015)	38,985	38,985	-
Regular Programs-Undistributed Instruction					
Other Salaries for Instruction	335,562	12,069	347,631	344,280	3,351
Purchased Professional Educational Services	22,000	(3,532)	18,468	17,275	1,193
Other Purchased Services	463,074	-	463,074	458,244	4,830
General Supplies	390,813	(63,267)	327,546	322,187	5,359
Textbooks	77,000	81,823	158,823	158,786	37
Total Regular Programs	<u>12,472,567</u>	<u>242,832</u>	<u>12,715,399</u>	<u>12,676,400</u>	<u>38,999</u>

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 650,597	\$ 76,836	\$ 727,433	\$ 726,153	\$ 1,280
Other Salaries for Instruction	328,824	42,642	371,466	371,159	307
General Supplies	4,550	(1,650)	2,900	2,729	171
Other Objects	1,600	(467)	1,133	1,132	1
Total Language and/or Language Disabilities	<u>985,571</u>	<u>117,361</u>	<u>1,102,932</u>	<u>1,101,173</u>	<u>1,759</u>
Multiple Disabilities					
Salaries of Teachers	-	62,425	\$ 62,425	\$ 62,290	135
Other Salaries for Instruction	-	1,585	1,585	1,584	1
General Supplies	-	-	-	-	-
Total Multiple Disabilities	<u>-</u>	<u>64,010</u>	<u>64,010</u>	<u>63,874</u>	<u>136</u>
Resource Room/Resource Center					
Salaries of Teachers	2,131,515	(101,134)	2,030,381	2,029,619	762
Other Salaries for Instruction	94,750	(1,934)	92,816	92,716	100
General Supplies	2,850	620	3,470	3,210	260
Total Resource Room/Resource Center	<u>2,229,115</u>	<u>(102,448)</u>	<u>2,126,667</u>	<u>2,125,545</u>	<u>1,122</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	105,340	128,460	233,800	233,525	275
Other Salaries for Instruction	22,100	32,748	54,848	54,848	-
General Supplies	150	-	150	149	1
Total Preschool Disabilities - Part-Time	<u>127,590</u>	<u>161,208</u>	<u>288,798</u>	<u>288,522</u>	<u>276</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	142,529	(50,204)	92,325	92,325	-
Other Salaries for Instruction	93,000	(19,299)	73,701	73,700	1
General Supplies	300	-	300	295	5
Total Preschool Disabilities - Full-Time	<u>235,829</u>	<u>(69,503)</u>	<u>166,326</u>	<u>166,320</u>	<u>6</u>
Home Instruction					
Purchased Professional Educational Service	25,000	6,910	31,910	26,760	5,150
Total Home Instruction	<u>25,000</u>	<u>6,910</u>	<u>31,910</u>	<u>26,760</u>	<u>5,150</u>
Total Special Education	<u>3,603,105</u>	<u>177,538</u>	<u>3,780,643</u>	<u>3,772,194</u>	<u>8,449</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	422,964	(10,832)	412,132	410,806	1,326
General Supplies	1,200	(620)	580	-	580
Total Basic Skills/Remedial - Instruction	<u>424,164</u>	<u>(11,452)</u>	<u>412,712</u>	<u>410,806</u>	<u>1,906</u>
Bilingual Education - Instruction					
Salaries of Teachers	243,745	4,506	248,251	248,097	154
General Supplies	200	(200)	-	-	-
Total Bilingual Education - Instruction	<u>243,945</u>	<u>4,306</u>	<u>248,251</u>	<u>248,097</u>	<u>154</u>

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
School Sponsored Co/Extra Curricular Activities					
Salaries	\$ 146,415	\$ 5,179	\$ 151,594	\$ 148,595	\$ 2,999
Purchased Services	1,500	1,183	2,683	2,682	1
Supplies and Materials	28,250	58,092	86,342	65,106	21,236
Total School Sponsored Co/Extra Curricular Activities	<u>176,165</u>	<u>64,454</u>	<u>240,619</u>	<u>216,383</u>	<u>24,236</u>
School Sponsored Athletics					
Salaries	451,015	(1,805)	449,210	447,965	1,245
Purchased Services	74,500	(8,024)	66,476	42,961	23,515
Supplies and Materials	72,100	4,943	77,043	65,981	11,062
Other Objects	500	-	500	500	500
Transfer to Cover Deficit (Agency Funds)	70,000	2,325	72,325	45,000	27,325
Total School Sponsored Athletics	<u>668,115</u>	<u>(2,561)</u>	<u>665,554</u>	<u>601,907</u>	<u>63,647</u>
Instructional Alt Ed Program - Instruction					
Other Objects	650	600	1,250	1,250	-
Total Instructional Alt Ed Program - Instruction	<u>650</u>	<u>600</u>	<u>1,250</u>	<u>1,250</u>	<u>-</u>
Total Instruction	<u>17,588,711</u>	<u>475,717</u>	<u>18,064,428</u>	<u>17,927,037</u>	<u>137,391</u>
Undistributed Expenditures					
Instruction:					
Tuition to Other LEAs Within State - Special	480,472	(212,427)	268,045	268,045	-
Tuition to County Voc. School District-Regular	272,736	59,004	331,740	331,740	-
Tuition to County Voc. School District-Special	391,644	(86,560)	305,084	305,084	-
Tuition to CSSD and Regional Day Schools	1,123,380	140,995	1,264,375	1,258,920	5,455
Tuition to Priv. School for the Disabled - Within State	1,012,746	64,755	1,077,501	1,073,251	4,250
Tuition - State Facilities	4,500	-	4,500	4,500	-
Total Undistributed Expenditures- Instruction	<u>3,285,478</u>	<u>(34,233)</u>	<u>3,251,245</u>	<u>3,241,540</u>	<u>9,705</u>
Attendance and Social Work					
Salaries	70,228	-	70,228	69,675	553
Supplies and Materials	500	1,588	2,088	1,683	405
Total Attendance and Social Work	<u>70,728</u>	<u>1,588</u>	<u>72,316</u>	<u>71,358</u>	<u>958</u>
Health Services					
Salaries	683,373	6,821	690,194	663,663	26,531
Purchased Professional/Technical Services	73,750	(60,634)	13,116	9,298	3,818
Other Purchased Services	14,040	-	14,040	14,040	-
Supplies and Materials	7,219	900	8,119	6,979	1,140
Other Objects	3,000	(230)	2,770	-	2,770
Total Health Services	<u>781,382</u>	<u>(53,143)</u>	<u>728,239</u>	<u>693,980</u>	<u>34,259</u>
Speech, OT, PT, & Related Services					
Salaries	402,565	(3,014)	399,551	399,156	395
Purchased Professional/Educational Services	410,775	(9,456)	401,319	384,225	17,094
Supplies and Materials	5,600	-	5,600	3,504	2,096
Total Speech, OT, PT & Related Services	<u>818,940</u>	<u>(12,470)</u>	<u>806,470</u>	<u>786,885</u>	<u>19,585</u>
Other Support Services -Students- Extra Services					
Salaries	122,472	(24,691)	97,781	95,843	1,938
Purchased Professional/Educational Services	40,000	(19,000)	21,000	8,025	12,975
Supplies and Materials	10,000	(9,000)	1,000	972	28
Total Other Support Services - Students - Extra Services	<u>172,472</u>	<u>(52,691)</u>	<u>119,781</u>	<u>104,840</u>	<u>14,941</u>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 573,464	\$ 7,323	\$ 580,787	\$ 558,469	\$ 22,318
Salaries of Secretarial and Clerical Assistants		36,729	36,729	36,729	-
Purchased Professional/Educational Services	86,863	(8,750)	78,113	77,680	433
Other Purchased Professional & Technical Services	2,500	200	2,700	2,700	-
Supplies and Materials	7,900	-	7,900	2,376	5,524
Total Guidance	670,727	35,502	706,229	677,954	28,275
Child Study Team					
Salaries of Other Professional Staff	757,348	(10,475)	746,873	740,298	6,575
Salaries of Secretarial and Clerical Assistants	83,736	(6,670)	77,066	76,867	199
Purchased Professional-Educational Services		128,855	128,855	102,543	26,312
Other Purchased Services	3,000	-	3,000	722	2,278
Supplies and Materials	8,500	(1,036)	7,464	6,636	828
Total Child Study Team	852,584	110,674	963,258	927,066	36,192
Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	411,054	105,555	516,609	510,723	5,886
Other Purchased Services	3,000	(1,065)	1,935	358	1,577
Supplies and Materials	1,350	(136)	1,214	1,214	-
Other Objects	1,500	2,486	3,986	3,986	-
Total Improvement of Inst. Serv.	416,904	106,840	523,744	516,281	7,463
Educational Media/School Library					
Salaries	65,000	(51,167)	13,833	5,550	8,283
Supplies and Materials	2,350	-	2,350	2,248	102
Total Educational Media/School Library	67,350	(51,167)	16,183	7,798	8,385
Instructional Staff Training					
Purchased Professional-Educational Services	3,000	1,310	4,310	4,310	-
Other Purchased Services	8,500	(7,310)	1,190	111	1,079
Total Instructional Staff Training	11,500	(6,000)	5,500	4,421	1,079
General Administration					
Salaries	460,845	11,095	471,940	471,940	-
Salaries of State Monitors	96,000	(20,160)	75,840	67,584	8,256
Repayment of Principal - NJDOE Loan	500,000	(20,000)	480,000	480,000	-
Legal Services	150,000	(54,954)	95,046	95,045	1
Audit Fees	60,000	36,440	96,440	58,348	38,092
Architectural/Engineering Services	15,000	10,000	25,000	25,000	-
Other Purchased Professional Services	31,000	13,628	44,628	31,672	12,956
Communications/Telephone	156,140	196,180	352,320	280,034	72,286
Travel - All Other	-	700	700	700	-
BOE Other Purchased Services	6,000	(3,589)	2,411	2,411	-
Miscellaneous Purchased Services	138,042	(10,000)	128,042	126,846	1,196
General Supplies	4,000	1,319	5,319	5,317	2
BOE In-House Training / Meeting Supplies	2,000	(900)	1,100	216	884
Miscellaneous Expenditures	4,200	-	4,200	3,650	550
BOE Membership Dues and Fees	16,000	-	16,000	15,318	682
Total General Administration	1,639,227	159,759	1,798,986	1,664,081	134,905

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
School Administration					
Salaries of Principals/Assistant Principals	\$ 1,210,450	\$ 71,821	\$ 1,282,271	\$ 1,282,269	\$ 2
Salaries of Secretarial and Clerical Assistants	650,525	(12,002)	638,523	634,003	4,520
Other Purchased Services	15,000	(10,000)	5,000	-	5,000
Travel - All Other		9,046	9,046	1,914	7,132
Supplies and Materials	16,750	33,898	50,648	27,082	23,566
Other Objects	<u>8,000</u>	<u>954</u>	<u>8,954</u>	<u>8,484</u>	<u>470</u>
Total School Administration	<u>1,900,725</u>	<u>93,717</u>	<u>1,994,442</u>	<u>1,953,752</u>	<u>40,690</u>
Central Services					
Salaries	494,016	24,672	518,688	518,686	2
Unused Vac. Payment to Terminated/Retired Staff		1,188	1,188	1,188	-
Purchased Professional Services	13,516	2,063	15,579	15,579	-
Purchased Technical Services	45,165	7,657	52,822	43,443	9,379
Miscellaneous Purchased Services	3,000	(1,740)	1,260	1,072	188
Supplies and Materials	5,000	2,852	7,852	6,683	1,169
Miscellaneous Expenditures	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>1,490</u>	<u>510</u>
Total Central Services	<u>562,697</u>	<u>36,692</u>	<u>599,389</u>	<u>588,141</u>	<u>11,248</u>
Admin. Info Technology					
Salaries	<u>189,348</u>	<u>2,798</u>	<u>192,146</u>	<u>192,146</u>	<u>-</u>
Total Admin Info Technology	<u>189,348</u>	<u>2,798</u>	<u>192,146</u>	<u>192,146</u>	<u>-</u>
Required Maintenance for School Facilities					
Salaries	377,575	67,138	444,713	440,226	4,487
Cleaning, Repair and Maintenance Services	266,300	(2,857)	263,443	261,808	1,635
General Supplies	<u>53,350</u>	<u>(26,834)</u>	<u>26,516</u>	<u>26,516</u>	<u>-</u>
Total Required Maintenance for School Facilities	<u>697,225</u>	<u>37,447</u>	<u>734,672</u>	<u>728,550</u>	<u>6,122</u>
Custodial Services					
Salaries	850,694	201,102	1,051,796	1,036,074	15,722
Cleaning, Repair and Maintenance Services	131,335	(14,176)	117,159	114,334	2,825
Rental of Land and Building Other Than Lease Purchase Agreemt	350,000	-	350,000	350,000	-
Other Purchased Property Services		40,150	40,150	40,150	-
Insurance	203,573	(16,488)	187,085	187,085	-
General Supplies	93,500	27,094	120,594	117,719	2,875
Energy (Natural Gas)	156,000	(1,300)	154,700	135,925	18,775
Energy (Electricity)	272,500	1,556	274,056	203,707	70,349
Energy (Gasoline)	25,000	(15,000)	10,000	10,000	-
Other Objects	<u>6,000</u>	<u>416</u>	<u>6,416</u>	<u>6,416</u>	<u>-</u>
Total Custodial Services	<u>2,088,602</u>	<u>223,354</u>	<u>2,311,956</u>	<u>2,201,410</u>	<u>110,546</u>
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Svc.	20,000	8,418	28,418	26,983	1,435
General Supplies	<u>10,000</u>	<u>1,401</u>	<u>11,401</u>	<u>11,165</u>	<u>236</u>
Total Care and Upkeep of Grounds	<u>30,000</u>	<u>9,819</u>	<u>39,819</u>	<u>38,148</u>	<u>1,671</u>
Security					
Salaries	<u>84,000</u>	<u>(35,141)</u>	<u>48,859</u>	<u>48,859</u>	<u>-</u>
Total Security	<u>84,000</u>	<u>(35,141)</u>	<u>48,859</u>	<u>48,859</u>	<u>-</u>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 79,785	\$ (30,089)	\$ 49,696	\$ 46,517	3,179
Sal. For Pupil Transportation (Bet. Home & Sch)-Reg.	81,753	15,187	96,940	93,415	3,525
Sal. For Pupil Transportation (Bet. Home & Sch)-Spec.	51,303	109	51,412	51,412	-
Sal. For Pupil Transportation (Other Than Bet. Home & Sch)	77,000	(26,609)	50,391	49,485	906
Cleaning, Repair & Maint. Services	55,000	3,250	58,250	57,259	\$ 991
Lease Purchase Payments - School Buses	106,090	(2,427)	103,663	103,662	1
Contr. Serv. Aid in Lieu Payments-Non Public	120,000	(54,668)	65,332	65,332	-
Contr. Serv. Aid in Lieu Payments-Charter Sch.	10,000	(2,682)	7,318	6,666	652
Contr. Serv. (Bet Home & Sch)-Vendor		1,000	1,000	616	384
Contr. Serv. (Other Than Bet Home & Sch)-Vendor	80,000	(61,989)	18,011	14,434	3,577
Contr. Serv. (Bet. Home & Sch)-Joint Agreements	100,000	(23,531)	76,469	73,369	3,100
Contr. Serv. (Spec. Ed. Students)-Joint Agreements	600,000	99,632	699,632	620,900	78,732
Transportation Supplies	25,000	(12,473)	12,527	12,518	9
Other Objects	5,200	(3,374)	1,826	1,191	635
Total Student Transportation Services	1,391,131	(98,664)	1,292,467	1,196,776	95,691
Unallocated Employee Benefits					
Social Security Contributions	460,000	39,086	499,086	495,792	3,294
Other Retirement Contributions - PERS	425,000	(31,851)	393,149	386,174	6,975
Other Retirement Contributions - Deferred PERS Pymt	14,790	-	14,790	14,444	346
Other Retirement Contributions - (DCRP)	35,000	3,414	38,414	38,318	96
Unemployment Compensation	90,000	-	90,000	90,000	-
Workmen's Compensation	225,000	(29,086)	195,914	195,914	-
Health Benefits	5,413,745	(906,782)	4,506,963	4,228,891	278,072
Other Employee Benefits	997,500	(383,412)	614,088	610,466	3,622
Unused Sick Payments to Terminated/Retired Staff	95,000	119,225	214,225	213,873	352
Total Unallocated Employee Benefits	7,756,035	(1,189,406)	6,566,629	6,273,872	292,757
On-behalf TPAF Contributions (Nonbudgeted)					
Pension Benefit Contribution				3,942,552	(3,942,552)
Pension - NCGI Premium				70,666	(70,666)
Post Retirement Medical Benefit Contribution				1,488,830	(1,488,830)
Long-Term Disability Insurance Premium				4,160	(4,160)
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	-	-	-	1,376,787	(1,376,787)
Total TPAF On-Behalf	-	-	-	6,882,995	(6,882,995)
Total Undistributed Expenditures	23,487,055	(714,725)	22,772,330	28,800,853	(6,028,523)
Interest Earned on Maintenance Reserve	-	-	-	-	-
Total Current Expenditures	41,075,766	(239,008)	40,836,758	46,727,890	(5,891,132)
Equipment					
Special Education - Instruction					
Grades 1-5		15,828	15,828		15,828
Grades 9-12		5,276	5,276		5,276
School Sponsored and Other Instructional Program		21,907	21,907		21,907
Custodial Service	4,800	(4,800)	-	-	-
Total Equipment	4,800	38,211	43,011	-	43,011

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Architectural / Engineering Services		\$ 18,074	\$ 18,074	\$ 18,073	1
Construction Services		736,852	736,852	381,598	\$ 355,254
Supplies and Materials		36,848	36,848	36,848	-
Assessment for Debt Service on SDA Funding	\$ 24,331	-	24,331	24,331	-
Total Facilities Acquisition and Construction Services	<u>24,331</u>	<u>791,774</u>	<u>816,105</u>	<u>460,850</u>	<u>355,255</u>
Assets Acquired under Capital Lease (Non Budget)					
Equipment - School Administration				139,473	(139,473)
Equipment - Custodial Services	-	-	-	97,849	(97,849)
Total Assets Acquired under Capital Leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,322</u>	<u>(237,322)</u>
Total Capital Outlay	<u>29,131</u>	<u>829,985</u>	<u>859,116</u>	<u>698,172</u>	<u>160,944</u>
Transfer Funds to Charter Schools	<u>122,819</u>	<u>16,822</u>	<u>139,641</u>	<u>139,641</u>	<u>-</u>
Total Expenditures	<u>41,227,716</u>	<u>607,799</u>	<u>41,835,515</u>	<u>47,565,703</u>	<u>(5,730,188)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>550,000</u>	<u>(607,799)</u>	<u>(57,799)</u>	<u>1,321,266</u>	<u>1,379,065</u>
Other Financing Sources/(Uses)					
Capital Lease Proceeds (Non Budget)				\$ 237,322	237,322
Transfer In - Capital Projects Fund				72,001	72,001
Transfer Out - Food Service Fund	(400,000)		(400,000)	(350,000)	50,000
Transfer Out - Preschool Program Fund	(150,000)	15,000	(135,000)	(25,000)	110,000
Total Other Financing Sources/(Uses)	<u>(550,000)</u>	<u>15,000</u>	<u>(535,000)</u>	<u>(65,677)</u>	<u>469,323</u>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	-	(592,799)	(592,799)	1,255,589	1,848,388
Fund Balances, Beginning of Year	<u>1,405,864</u>	<u>-</u>	<u>1,405,864</u>	<u>1,405,864</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,405,864</u>	<u>\$ (592,799)</u>	<u>\$ 813,065</u>	<u>\$ 2,661,453</u>	<u>\$ 1,848,388</u>
Recapitulation of Fund Balances					
Restricted Fund Balance					
Legally Restricted - Disallowed Grant Costs				\$ 301,224	
Capital Reserve				270,021	
Maintenance Reserve				270,000	
Assigned Fund Balance					
Year End Encumbrances				565,286	
Designated for Subsequent Year's Expenditures				534,746	
Unassigned Fund Balance					
				<u>720,176</u>	
Fund Balance - Budgetary Basis				2,661,453	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Revenue Not Recognized on GAAP Basis				<u>(517,417)</u>	
Fund Balance (Deficit) Per Governmental Funds (GAAP)				<u>\$ 2,144,036</u>	

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 6,396	\$ 6,396	\$ 947	\$ (5,449)
State	\$ 229,062	78,491	307,553	278,540	(29,013)
Federal	894,913	214,854	1,109,767	1,036,926	(72,841)
Total Revenues	<u>1,123,975</u>	<u>299,741</u>	<u>1,423,716</u>	<u>1,316,413</u>	<u>(107,303)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	163,350	38,000	201,350	198,350	3,000
Purchased Professional and Technical Services	24,516	4,226	28,742	14,427	14,315
Other Purchased Services	471,834	131,543	603,377	603,377	-
General Supplies	53,581	26,367	79,948	65,839	14,109
Textbooks	13,371	1,651	15,022	14,934	88
Total Instruction	<u>726,652</u>	<u>201,787</u>	<u>928,439</u>	<u>896,927</u>	<u>31,512</u>
Support Services					
Salaries	2,000	-	2,000	2,000	-
Purchased Professional and Technical Services	88,717	16,440	105,157	39,528	65,629
Purchased Professional - Educational Services	235,969	65,644	301,613	294,647	6,966
Other Purchased Services	13,811	(995)	12,816	11,894	922
Supplies and Materials	7,004	(4,704)	2,300	1,656	644
Other Objects	-	3,270	3,270	1,640	1,630
Total Support Services	<u>347,501</u>	<u>79,655</u>	<u>427,156</u>	<u>351,365</u>	<u>75,791</u>
Unallocated Benefits					
Personal Services - Employee Benefits	49,822	18,299	68,121	68,121	-
Total Unallocated Benefits	<u>49,822</u>	<u>18,299</u>	<u>68,121</u>	<u>68,121</u>	<u>-</u>
Total Expenditures	<u>1,123,975</u>	<u>299,741</u>	<u>1,423,716</u>	<u>1,316,413</u>	<u>107,303</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Ending Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

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

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1, C-2)	\$ 48,886,969	\$ 1,316,413
Difference - Budget to GAAP:		
State Aid payments recognized for GAAP purposes not recognized for budgetary statements (2018/2019 State Aid)	522,541	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2019/2020 State Aid)	(517,417)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances - June 30, 2020		(6,380)
Encumbrances - June 30, 2019	-	8,507
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)	<u>\$ 48,892,093</u>	<u>\$ 1,318,540</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 47,565,703</u>	<u>\$ 1,316,413</u>
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances - June 30, 2020		(6,380)
Encumbrances - June 30, 2019	-	8,507
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 47,565,703</u>	<u>\$ 1,318,540</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**PENSION INFORMATION
AND
POST-EMPLOYMENT BENEFITS INFORMATION**

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

Public Employees Retirement System

Last Seven Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	.03949%	0.03927%	0.03978%	0.04315%	0.04463%	0.04201%	0.04281%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,115,362	\$ 7,731,520	\$ 9,259,540	\$ 12,781,011	\$ 10,020,439	\$ 7,865,935	\$ 8,181,446
District's Covered-Employee Payroll	\$ 2,962,592	\$ 2,838,200	\$ 2,752,274	\$ 2,770,142	\$ 2,970,168	\$ 2,945,693	\$ 2,736,261
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	240.17%	272.41%	336.43%	461.38%	337.37%	267.03%	299.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

**LYNDHURST BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 384,116	\$ 390,582	\$ 368,495	\$ 383,375	\$ 383,771	\$ 336,068	\$ 352,397
Contributions in Relation to the Contractually Required Contribution	<u>(384,116)</u>	<u>(390,582)</u>	<u>(368,495)</u>	<u>(383,375)</u>	<u>(383,771)</u>	<u>(336,068)</u>	<u>(352,397)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,931,262	\$ 2,962,592	\$ 2,838,200	\$ 2,752,274	\$ 2,770,142	\$ 2,970,168	\$ 2,945,693
Contributions as a Percentage of Covered-Employee Payroll	13.10%	13.18%	12.98%	13.93%	13.85%	11.31%	11.96%

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

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

Teachers Pension and Annuity Fund

Last Seven Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>107,527,548</u>	<u>110,414,592</u>	<u>117,743,077</u>	<u>130,571,153</u>	<u>98,187,722</u>	<u>88,688,359</u>	<u>80,612,933</u>
Total	<u>\$ 107,527,548</u>	<u>\$ 110,414,592</u>	<u>\$ 117,743,077</u>	<u>\$ 130,571,153</u>	<u>\$ 98,187,722</u>	<u>\$ 88,688,359</u>	<u>\$ 80,612,933</u>
District's Covered Payroll	\$ 18,556,187	\$ 19,086,107	\$ 18,271,889	\$ 17,772,618	\$ 17,618,977	\$ 16,345,640	\$ 15,177,018
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**LYNDHURST BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

POSTEMPLOYMENT BENEFITS INFORMATION

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

Postemployment Health Benefit Plan

Last Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 2,603,844	\$ 2,819,791	\$ 3,385,082
Interest on Total OPEB Liability	2,713,542	2,823,300	2,442,776
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(11,690,490)	(4,529,198)	-
Changes of Assumptions	911,495	(7,851,005)	(10,162,066)
Gross Benefit Payments	(1,876,594)	(1,829,402)	(1,946,151)
Contribution from the Member	<u>55,627</u>	<u>63,227</u>	<u>71,662</u>
Net Change in Total OPEB Liability	(7,282,576)	(8,503,287)	(6,208,697)
Total OPEB Liability - Beginning	<u>68,415,362</u>	<u>76,918,649</u>	<u>83,127,346</u>
Total OPEB Liability - Ending	<u>\$ 61,132,786</u>	<u>\$ 68,415,362</u>	<u>\$ 76,918,649</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>61,132,786</u>	<u>68,415,362</u>	<u>76,918,649</u>
Total OPEB Liability - Ending	<u>\$ 61,132,786</u>	<u>\$ 68,415,362</u>	<u>\$ 76,918,649</u>
District's Covered Payroll	<u>\$ 21,518,779</u>	<u>\$ 21,924,307</u>	<u>\$ 21,024,163</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%

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

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

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

**LYNDHURST BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	<u>IDEA</u> <u>Basic</u>	<u>IDEA</u> <u>Preschool</u>	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Title III</u> <u>Immigrant</u>	<u>Local</u>	<u>Nonpublic</u> <u>Textbooks</u>	<u>To Exhibit</u> <u>E-1A</u>
REVENUES									
Intergovernmental									
Local							\$ 947		\$ 947
State								\$ 14,934	14,934
Federal	\$ 651,639	\$ 26,396	\$ 288,241	\$ 51,422	\$ 16,232	\$ 2,996	-	-	1,036,926
Total Revenues	<u>\$ 651,639</u>	<u>\$ 26,396</u>	<u>\$ 288,241</u>	<u>\$ 51,422</u>	<u>\$ 16,232</u>	<u>\$ 2,996</u>	<u>\$ 947</u>	<u>\$ 14,934</u>	<u>\$ 1,052,807</u>
 EXPENDITURES									
Instruction									
Salaries of Teachers			\$ 196,000		\$ 2,350				\$ 198,350
Purchased Professional and Technical Services			10,427		4,000				14,427
Other Purchased Services	\$ 603,377								603,377
General Supplies	17,837	\$ 26,396	2,996		8,679		\$ 947		56,855
Textbooks	-	-	-	-	-	-	-	\$ 14,934	14,934
Total Instruction	<u>621,214</u>	<u>26,396</u>	<u>209,423</u>	<u>-</u>	<u>15,029</u>	<u>-</u>	<u>947</u>	<u>14,934</u>	<u>887,943</u>
 Support Services									
Salaries			2,000						2,000
Personal Services - Employee Benefits			67,218		903				68,121
Purchased Professional and Technical Services				\$ 39,528					39,528
Purchased Professional - Educational Services	30,425		9,600						40,025
Other Purchased Services				11,894					11,894
Supplies and Materials					300	1,356			1,656
Other Objects	-	-	-	-	-	1,640	-	-	1,640
Total Support Services	<u>30,425</u>	<u>-</u>	<u>78,818</u>	<u>51,422</u>	<u>1,203</u>	<u>2,996</u>	<u>-</u>	<u>-</u>	<u>164,864</u>
Total Expenditures	<u>\$ 651,639</u>	<u>\$ 26,396</u>	<u>\$ 288,241</u>	<u>\$ 51,422</u>	<u>\$ 16,232</u>	<u>\$ 2,996</u>	<u>\$ 947</u>	<u>\$ 14,934</u>	<u>\$ 1,052,807</u>

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

	Exhibit				<u>Nonpublic Chapter 192</u>		<u>Nonpublic Chapter 193</u>			To Exhibit <u>E-1A</u>
	<u>E-1</u>	<u>Nonpublic</u>	<u>Nonpublic</u>	<u>Nonpublic</u>	<u>Compensatory</u>	<u>Home</u>	<u>Exam. &</u>	<u>Corrective</u>	<u>Supplemental</u>	
REVENUES	<u>Subtotal</u>	<u>Security</u>	<u>Nursing</u>	<u>Technology</u>	<u>Education</u>	<u>Instruction</u>	<u>Classification</u>	<u>Speech</u>	<u>Instruction</u>	
Intergovernmental										
Local	\$ 947									\$ 947
State	14,934	\$ 40,000	\$ 27,645	\$ 8,984	\$ 104,320	\$ 930	\$ 33,996	\$ 26,522	\$ 21,209	278,540
Federal	1,036,926	-	-	-	-	-	-	-	-	1,036,926
Total Revenues	\$ 1,052,807	\$ 40,000	\$ 27,645	\$ 8,984	\$ 104,320	\$ 930	\$ 33,996	\$ 26,522	\$ 21,209	\$ 1,316,413
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 198,350									\$ 198,350
Purchased Professional and Technical Services	14,427									14,427
Other Purchased Services	603,377									603,377
General Supplies	56,855			\$ 8,984						65,839
Textbooks	14,934	-	-	-	-	-	-	-	-	14,934
Total Instruction	887,943	-	-	8,984	-	-	-	-	-	896,927
Support Services										
Salaries	2,000									2,000
Personnel Services - Employee Benefits	68,121									68,121
Purchased Professional and Technical Services	39,528									39,528
Purchased Professional - Educational Services	40,025	40,000	\$ 27,645		\$ 104,320	\$ 930	\$ 33,996	\$ 26,522	\$ 21,209	294,647
Other Purchased Services	11,894									11,894
Supplies and Materials	1,656									1,656
Other Objects	1,640	-	-	-	-	-	-	-	-	1,640
Total Support Services	164,864	40,000	27,645	-	104,320	930	33,996	26,522	21,209	419,486
Total Expenditures	\$ 1,052,807	\$ 40,000	\$ 27,645	\$ 8,984	\$ 104,320	\$ 930	\$ 33,996	\$ 26,522	\$ 21,209	\$ 1,316,413

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

**LYNDHURST BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Issue/Project Title</u>	<u>Modified Appropriation</u>	<u>Prior Years Expenditures</u>	<u>Current Year Expenditures</u>	<u>Unexpended Balance</u>
2016 Referendum - Improvements to Various Schools	\$ 19,873,807	\$ 3,976,532	\$ 1,581,400	\$ 14,315,875
	<u>\$ 19,873,807</u>	<u>\$ 3,976,532</u>	<u>\$ 1,581,400</u>	<u>\$ 14,315,875</u>
<u>Reconciliation to GAAP Basis</u>				
Project Balance, June 30, 2020				\$ 14,315,875
Less: Bonds Authorized But Not Issued				<u>(19,847,807)</u>
Fund Balance (Deficit), June 30, 2020 (GAAP Basis)				<u>\$ (5,531,932)</u>
 <u>Recapitulation of Fund Balance - June 30, 2020 (GAAP Basis)</u>				
Restricted for Capital Projects				
Year End Encumbrances				\$ 13,161,169
Designated for Capital Projects				<u>(18,693,101)</u>
Total Fund Balance (Deficit) - Capital Projects Fund				<u>\$ (5,531,932)</u>

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

Revenues and Other Financing Sources

Revenues:

Local Sources - Interest	\$ 72,001
Other Financing Sources	
Premiums on Bond Anticipation Notes	62,027
Transfer In - Debt Service Fund	<u>26,000</u>

Total Revenues and Other Financing sources	<u>160,028</u>
--	----------------

Expenditures and Other Financing Uses

Expenditures:

Purchased Professional and Technical Services	1,512,662
Construction Services	64,220
Other Objects	4,518
Other Financing Uses	
Transfer Out - General Fund	72,001
Transfer Out - Debt Service Fund	<u>62,027</u>

Total Expenditures and Other Financing Uses	<u>1,715,428</u>
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Excess (Deficiency) of Revenues and Other Financing Sources	
---	--

Over (Under) Expenditures and Other Financing Uses	(1,555,400)
--	-------------

Fund Balance (Deficit), Beginning of Year	<u>(3,976,532)</u>
---	--------------------

Fund Balance (Deficit), End of Year	<u>\$ (5,531,932)</u>
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Reconciliation to GAAP Basis

Fund Balance (Deficit) - Budgetary Basis	<u>\$ (5,531,932)</u>
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Fund Balance (Deficit) - GAAP Basis	<u>\$ (5,531,932)</u>
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**LYNDHURST BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
2016 REFERENDUM - IMPROVEMENT TO VARIOUS SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	-	-	-	\$ 19,847,807
Transfer In - Debt Service Fund (Project Note Paydown)	-	26,000	26,000	26,000
	<hr/>	<hr/>	<hr/>	
Total Revenues and Other Financing Sources	-	26,000	26,000	19,873,807
Expenditures and Other Financing Uses				
Legal Services	\$ 54,211		\$ 54,211	54,211
Purchased Professional & Technical Services	1,665,096	\$ 1,512,662	3,177,758	4,000,000
Other Purchased Services	64,180		64,180	64,180
Construction Services	1,310,172	64,220	1,374,392	14,856,916
Supplies and Materials	247,162		247,162	248,500
Other Objects	635,711	4,518	640,229	650,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	3,976,532	1,581,400	5,557,932	19,873,807
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses				
	<u>\$ (3,976,532)</u>	<u>\$ (1,555,400)</u>	<u>\$ (5,531,932)</u>	<u>\$ -</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	November 8, 2016
Bonds Authorized	\$ 19,873,807
Bonds Issued	-
Original Authorized Cost	\$ 19,873,807
Additional Authorized Cost	-
Revised Authorized Cost	\$ 19,873,807

Percentage Increase(Decrease) Over Original

Authorized Cost	0.00%
Percentage Completion	27.97%
Original Target Completion Date	June 2020
Revised Target Completion Date	N/A

ENTERPRISE FUND

**LYNDHURST BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

AGENCY FUNDS

**LYNDHURST BOARD OF EDUCATION
AGENCY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2020**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 337,351	\$ 1,297,921	\$ 1,635,272
Due from Other Funds	<u>-</u>	<u>1,158</u>	<u>1,158</u>
Total Assets	<u>\$ 337,351</u>	<u>\$ 1,299,079</u>	<u>\$ 1,636,430</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 105,956	\$ 105,956
Employee Deposits Payable		1,193,123	1,193,123
Due to Student Groups	<u>\$ 337,351</u>	<u>-</u>	<u>337,351</u>
Total Liabilities	<u>\$ 337,351</u>	<u>\$ 1,299,079</u>	<u>\$ 1,636,430</u>

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

THIS SCHEDULE IS NOT APPLICABLE

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

	<u>Balance, July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2020</u>
Elementary Schools Account	\$ 40,468	\$ 35,175	\$ 31,080	\$ 44,563
High School Account	208,716	324,392	258,485	274,623
GoFundMe Account	106		106	-
Athletics Account	17,581	66,800	66,216	18,165
	<u>\$ 266,871</u>	<u>\$ 426,367</u>	<u>\$ 355,887</u>	<u>\$ 337,351</u>

**LYNDHURST BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Balance, July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance, June 30, <u>2020</u>
ASSETS				
Cash	\$ 1,264,254	\$ 28,740,564	\$ 28,706,897	\$ 1,297,921
Due from Other Funds	<u>1,158</u>	<u>-</u>	<u>-</u>	<u>1,158</u>
Total Assets	<u>\$ 1,265,412</u>	<u>\$ 28,740,564</u>	<u>\$ 28,706,897</u>	<u>\$ 1,299,079</u>
LIABILITIES				
Accrued Salaries and Wages		\$ 14,666,375	\$ 14,666,375	
Payroll Deductions and Withholdings	\$ 58,329	12,870,667	12,823,040	\$ 105,956
Employee Deposits Payable	<u>1,207,083</u>	<u>1,203,522</u>	<u>1,217,482</u>	<u>1,193,123</u>
Total Liabilities	<u>\$ 1,265,412</u>	<u>\$ 28,740,564</u>	<u>\$ 28,706,897</u>	<u>\$ 1,299,079</u>

LONG-TERM DEBT

**LYNDHURST BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2019</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2020</u>
General Refunding Bonds	1/1/2016	\$ 2,270,000	7/1/2020	380,000	4.00%	\$ 1,140,000	-	385,000	\$ 755,000
			7/1/2021	375,000	4.00%				
						<u>\$ 1,140,000</u>	<u>\$ -</u>	<u>\$ 385,000</u>	<u>\$ 755,000</u>
								<u>\$ 385,000</u>	
							Paid by Budget Appropriation		
								<u>\$ 385,000</u>	

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

	Amount of Original Issue	Balance, July 1, 2019 (Restated)	Issued	Retired	Balance, June 30, 2020
<u>Capital Leases</u>					
2016 Bus Lease	163,283	67,961		33,296	34,665
2017 Copier Lease	95,444	49,673		24,204	25,469
2017 Copier Lease	198,995	101,401		49,649	51,752
2017 Copier Lease	199,805	162,891		37,949	124,942
2018 Copier Lease	145,706	119,277		27,720	91,557
2018 Copier Lease	145,706	119,275		27,720	91,555
2019 Bus Lease	298,055	244,104		56,643	187,461
2020 Copier Lease	139,473	-	139,473	-	139,473
2020 Various Equipment (Plant Operations)	97,849	-	97,849	40,000	57,849
Total		<u>864,582</u>	<u>237,322</u>	<u>297,181</u>	<u>804,723</u>
<u>Lease Purchase Agreements</u>					
Computer Lease	948,423	<u>274,423</u>	-	<u>274,423</u>	-
Total		<u>\$ 1,139,005</u>	<u>\$ 237,322</u>	<u>\$ 571,604</u>	<u>\$ 804,723</u>
			Paid by Budget Appropriation	<u>\$ 571,604</u>	

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 754,800	-	\$ 754,800	\$ 754,800	-
Total Revenues	<u>754,800</u>	<u>-</u>	<u>754,800</u>	<u>754,800</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Interest on Bonds/Notes	410,450	(13,550)	396,900	396,900	-
Redemption of Bond Principal	390,000	(5,000)	385,000	385,000	-
Total Expenditures	<u>800,450</u>	<u>(18,550)</u>	<u>781,900</u>	<u>781,900</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(45,650)</u>	<u>18,550</u>	<u>(27,100)</u>	<u>(27,100)</u>	<u>-</u>
OTHER FINANCING SOURCES					
Transfers In - Capital Projects Fund	-	7,450	7,450	62,027	\$ 54,577
Transfers Out - Capital Projects Fund	<u>-</u>	<u>(26,000)</u>	<u>(26,000)</u>	<u>(26,000)</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>(18,550)</u>	<u>(18,550)</u>	<u>36,027</u>	<u>54,577</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>(45,650)</u>	<u>-</u>	<u>(45,650)</u>	<u>8,927</u>	<u>54,577</u>
Fund Balance, Beginning of Year	<u>139,612</u>	<u>-</u>	<u>139,612</u>	<u>139,612</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 93,962</u>	<u>\$ -</u>	<u>\$ 93,962</u>	<u>\$ 148,539</u>	<u>\$ 54,577</u>

Recapitulation of Fund Balance

Restricted for Debt Service:

Designated for Subsequent Year's Expenditures	\$ 93,962
Available for Debt Service	<u>54,577</u>

Total Fund Balance Restricted
for Debt Service

\$ 148,539

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

	2011	2012	2013	2014	2015	2016	2017 (Restated)	2018	2019 (Restated)	2020
Governmental Activities										
Net Investment In Capital Assets	\$ 18,952,883	\$ 19,077,883	\$ 19,822,284	\$ 19,818,725	\$ 16,616,775	\$ 20,252,716	\$ 17,450,063	\$ 17,736,926	\$ 98,561	\$ 722,011
Restricted	107,245	214,212	65,218	-	-	-	-	45,650	139,612	688,560
Unrestricted	<u>(2,833,186)</u>	<u>(2,694,321)</u>	<u>(2,603,084)</u>	<u>(2,507,090)</u>	<u>(10,044,030)</u>	<u>(13,247,268)</u>	<u>(15,753,809)</u>	<u>(17,651,548)</u>	<u>(16,794,105)</u>	<u>(15,397,141)</u>
Total Governmental Activities Net Position	<u>\$ 16,226,942</u>	<u>\$ 16,597,774</u>	<u>\$ 17,284,418</u>	<u>\$ 17,311,635</u>	<u>\$ 6,572,745</u>	<u>\$ 7,005,448</u>	<u>\$ 1,696,254</u>	<u>\$ 131,028</u>	<u>\$ (16,555,932)</u>	<u>\$ (13,986,570)</u>
Business-Type Activities										
Net Investment In Capital Assets							\$ 3,295	\$ 2,030	\$ 3,192	\$ 2,136
Restricted										
Unrestricted	\$ 35,116	\$ 7,886	\$ 15,332	\$ 1,930	\$ 298	\$ 819	(21,300)	8,341	\$ 19,556	\$ 26,583
Total Business-Type Activities Net Position	<u>\$ 35,116</u>	<u>\$ 7,886</u>	<u>\$ 15,332</u>	<u>\$ 1,930</u>	<u>\$ 298</u>	<u>\$ 819</u>	<u>\$ (18,005)</u>	<u>\$ 10,371</u>	<u>\$ 22,748</u>	<u>\$ 28,719</u>
District-Wide										
Net Investment In Capital Assets	\$ 18,952,883	\$ 19,077,883	\$ 19,822,284	\$ 19,818,725	\$ 16,616,775	\$ 20,252,716	\$ 17,453,358	\$ 17,738,956	\$ 101,753	\$ 724,147
Restricted	107,245	214,212	65,218	-	-	-	-	45,650	139,612	688,560
Unrestricted	<u>(2,798,070)</u>	<u>(2,686,435)</u>	<u>(2,587,752)</u>	<u>(2,505,160)</u>	<u>(10,043,732)</u>	<u>(13,246,449)</u>	<u>(15,775,109)</u>	<u>(17,643,207)</u>	<u>(16,774,549)</u>	<u>(15,370,558)</u>
Total District Net Position	<u>\$ 16,262,058</u>	<u>\$ 16,605,660</u>	<u>\$ 17,299,750</u>	<u>\$ 17,313,565</u>	<u>\$ 6,573,043</u>	<u>\$ 7,006,267</u>	<u>\$ 1,678,249</u>	<u>\$ 141,399</u>	<u>\$ (16,533,184)</u>	<u>\$ (13,957,851)</u>

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

Note 2 - Net Position at June 30, 2019 is restated to reflect corrections to capital assets values and unrecorded long-term liabilities.

Source: District financial statements

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 10,258,383	\$ 10,850,650	\$ 11,251,065	\$ 11,860,247	\$ 12,085,449	\$ 12,561,431	\$ 12,313,239	\$ 24,875,552	\$ 23,011,167	\$ 21,610,822
Special Education	2,883,630	3,041,577	3,068,156	2,630,426	3,523,300	3,416,548	3,740,517	9,527,569	9,780,983	9,818,021
Other Instruction	614,145	641,334	549,722	492,652	522,621	783,158	785,683	1,538,544	1,161,515	1,152,865
School Sponsored Activities and Athletics	601,361	692,043	714,817	724,117	738,452	743,964	793,920	1,129,029	1,093,371	1,053,955
Support Services										
Student and Instruction Related Services	3,674,705	3,612,327	3,303,366	3,623,245	3,773,261	3,919,115	4,381,210	7,771,240	5,888,655	6,354,445
General Administration	993,483	1,014,482	977,981	907,836	970,151	1,067,944	1,151,908	1,330,676	1,302,704	1,388,349
School Administrative Services	1,500,106	1,611,203	1,811,058	1,902,760	2,082,171	1,832,175	1,862,961	3,388,005	3,196,004	3,136,804
Central and Other Support Services	484,777	628,389	579,310	571,373	637,103	654,175	723,973	1,126,547	1,117,163	1,061,407
Plant Operation and Maintenance	2,388,875	2,653,257	2,900,593	3,203,055	3,181,439	3,879,186	3,780,148	4,459,533	3,982,590	3,523,808
Student Transportation Services	839,842	663,149	776,810	733,370	795,344	849,073	1,361,325	1,217,608	1,490,206	1,189,341
Unallocated Expenditures	11,655,878	12,282,723	13,369,711	13,003,133	23,434,250	12,858,478	25,558,417			
Interest on Long-Term Debt	256,813	237,098	216,818	195,008	171,658	147,653	23,643	186,076	305,972	366,987
Total Governmental Activities Expenses	<u>\$ 36,151,998</u>	<u>\$ 37,928,232</u>	<u>\$ 39,519,407</u>	<u>\$ 39,847,222</u>	<u>\$ 51,915,199</u>	<u>\$ 42,712,900</u>	<u>\$ 56,476,944</u>	<u>\$ 56,550,379</u>	<u>\$ 52,330,330</u>	<u>\$ 50,656,804</u>
Business-Type Activities:										
Food service	668,626	689,129	702,878	791,151	777,138	782,963	791,406	802,711	813,994	725,106
Pre-K Program							329	395,178	446,530	105,626
Before/After School Child Care/Pre-K	218,796	34,954	-	-	-	-	-	-	-	-
Total Business-Type Activities Expense	<u>887,422</u>	<u>724,083</u>	<u>702,878</u>	<u>791,151</u>	<u>777,138</u>	<u>782,963</u>	<u>791,735</u>	<u>1,197,889</u>	<u>1,260,524</u>	<u>830,732</u>
Total District Expenses	<u>\$ 37,039,420</u>	<u>\$ 38,652,315</u>	<u>\$ 40,222,285</u>	<u>\$ 40,638,373</u>	<u>\$ 52,692,337</u>	<u>\$ 43,495,863</u>	<u>\$ 57,268,679</u>	<u>\$ 57,748,268</u>	<u>\$ 53,590,854</u>	<u>\$ 51,487,536</u>
Program Revenues										
Governmental Activities:										
Charges for services						27,834		113,029	227,015	205,672
Operating grants and contributions	4,845,962	5,456,695	6,334,844	5,897,464	6,398,209	7,788,434	14,662,579	17,351,828	14,708,024	13,183,013
Capital grants and contributions										
Total Governmental Activities Program Revenues	<u>4,845,962</u>	<u>5,456,695</u>	<u>6,334,844</u>	<u>5,897,464</u>	<u>6,398,209</u>	<u>7,816,268</u>	<u>14,662,579</u>	<u>17,464,857</u>	<u>14,935,039</u>	<u>13,388,685</u>
Business-Type Activities:										
Charges for services	441,513	211,839								
Food Service			197,948	240,472	203,661	191,362	190,928	164,716	175,180	132,344
Pre-K Program								235,361	248,165	79,595
Operating grants and contributions	188,091	210,014	227,376	264,989	259,238	247,039	258,067	283,475	287,859	248,523
Capital grants and contributions										
Total Business Type Activities Program Revenues	<u>629,604</u>	<u>421,853</u>	<u>425,324</u>	<u>505,461</u>	<u>462,899</u>	<u>438,401</u>	<u>448,995</u>	<u>683,552</u>	<u>711,204</u>	<u>460,462</u>
Total District Program Revenues	<u>\$ 5,475,566</u>	<u>\$ 5,878,548</u>	<u>\$ 6,760,168</u>	<u>\$ 6,402,925</u>	<u>\$ 6,861,108</u>	<u>\$ 8,254,669</u>	<u>\$ 15,111,574</u>	<u>\$ 18,148,409</u>	<u>\$ 15,646,243</u>	<u>\$ 13,849,147</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental Activities	\$ (31,306,036)	\$ (32,471,537)	\$ (33,184,563)	\$ (33,949,758)	\$ (45,516,990)	\$ (34,896,632)	\$ (41,814,365)	\$ (39,085,522)	\$ (37,395,291)	\$ (37,268,119)
Business-Type Activities	(257,818)	(302,230)	(277,554)	(285,690)	(314,239)	(344,562)	(342,740)	(514,337)	(549,320)	(370,270)
Total District-Wide Net Expense	\$ (31,563,854)	\$ (32,773,767)	\$ (33,462,117)	\$ (34,235,448)	\$ (45,831,229)	\$ (35,241,194)	\$ (42,157,105)	\$ (39,599,859)	\$ (37,944,611)	\$ (37,638,389)
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 31,807,753	\$ 32,684,721	\$ 32,976,035	\$ 33,655,609	\$ 34,389,489	\$ 35,462,096	\$ 36,576,884	\$ 36,860,579	\$ 38,039,648	\$ 38,800,441
Property Taxes Levied for Debt Service								640,223	649,622	754,800
Unrestricted State and Federal Aid	451,073	260,295	381,161	389,292	603,510	28,749	1,784,790	428,077	410,128	410,053
Investment Earnings								58,222	153,850	174,567
Unrestricted Miscellaneous Revenues		172,353	147,309	204,074	97,601	183,490	325,617	75,510	102,934	72,620
Capital Asset Adjustments			651,702							
Transfers	(336,800)	(275,000)	(285,000)	(272,000)	(312,500)	(345,000)	(320,500)	(542,315)	(561,000)	(375,000)
Total Governmental Activities	31,922,026	32,842,369	33,871,207	33,976,975	34,778,100	35,329,335	38,366,791	37,520,296	38,795,182	39,837,481
Business-Type Activities:										
Investment Earnings				288	107	83	121	398	697	1,241
Transfers	276,000	275,000	285,000	272,000	312,500	345,000	320,500	542,315	561,000	375,000
Total Business-Type Activities	276,000	275,000	285,000	272,288	312,607	345,083	320,621	542,713	561,697	376,241
Total District-Wide	\$ 32,198,026	\$ 33,117,369	\$ 34,156,207	\$ 34,249,263	\$ 35,090,707	\$ 35,674,418	\$ 38,687,412	\$ 38,063,009	\$ 39,356,879	\$ 40,213,722
Change In Net Position										
Governmental Activities	\$ 615,990	\$ 370,832	\$ 686,644	\$ 27,217	\$ (10,738,890)	\$ 432,703	\$ (3,447,574)	\$ (1,565,226)	\$ 1,399,891	\$ 2,569,362
Business-Type Activities	18,182	(27,230)	7,446	(13,402)	(1,632)	521	(22,119)	28,376	12,377	5,971
Total District	\$ 634,172	\$ 343,602	\$ 694,090	\$ 13,815	\$ (10,740,522)	\$ 433,224	\$ (3,469,693)	\$ (1,536,850)	\$ 1,412,268	\$ 2,575,333

Source: District financial statements

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

	2011	2012	2013	2014	2015	2016	2017 (Restated)	2018	2019	2020
General Fund										
Restricted										
Assigned								\$ 301,224	\$ 301,224	\$ 841,245
Unassigned	\$ 786,065	\$ 854,923	\$ 498,743	\$ 327,802	\$ 289,568	\$ (8,777)	\$ (2,847,479)	350,233	455,425	1,100,032
								(4,927,771)	126,674	202,759
Total General Fund	\$ 786,065	\$ 854,923	\$ 498,743	\$ 327,802	\$ 289,568	\$ (8,777)	\$ (2,847,479)	\$ (4,276,314)	\$ 883,323	\$ 2,144,036
All Other Governmental Funds										
Reserved										
Restricted								\$ 45,650	\$ 139,612	\$ 148,539
Unassigned	-	-	-	-	-	-	\$ (692,660)	(1,818,880)	(3,976,532)	(5,531,932)
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (692,660)	\$ (1,773,230)	\$ (3,836,920)	\$ (5,383,393)

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

Source: District financial statements

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 31,807,753	\$ 32,684,721	\$ 32,976,035	\$ 33,655,609	\$ 34,389,489	\$ 35,462,096	\$ 36,576,884	\$ 37,500,802	\$ 38,689,270	\$ 39,555,241
Tuition Charges								40,171	75,581	55,827
Transportation Fees								72,858	151,434	149,845
Interest								58,222	153,850	174,567
Unrestricted Miscellaneous Revenues	451,073	172,353	147,309	204,074	97,601	218,124	325,617	75,510	102,934	73,567
State Sources	3,809,562	4,698,506	5,686,705	5,330,796	5,903,763	6,712,380	7,495,052	8,041,472	9,294,677	9,941,608
Federal Sources	1,036,400	1,018,484	1,029,300	955,960	1,097,956	1,098,003	1,105,976	1,127,947	1,170,194	1,086,779
Total Revenue	37,104,788	38,574,064	39,839,349	40,146,439	41,488,809	43,490,603	45,503,529	46,916,982	49,637,940	51,037,434
Expenditures										
Instruction										
Regular	10,258,383	10,850,650	11,251,065	11,860,247	12,085,449	12,561,431	12,313,239	19,675,191	20,538,470	19,722,336
Special Education	2,883,630	3,041,577	3,068,156	2,630,426	3,523,300	3,416,548	3,740,517	8,153,673	9,117,197	9,302,613
Other Instruction	614,145	641,334	549,722	492,652	522,621	783,158	785,683	1,198,003	1,029,531	1,045,598
School Sponsored Activities and Athletics	601,361	692,043	714,817	724,117	738,452	743,964	793,920	1,030,173	1,075,344	1,049,497
Undistributed Expenditures										
Student and Instruction Related Services	3,674,705	3,612,327	3,303,366	3,623,245	3,773,261	3,932,104	4,381,210	6,681,807	5,583,558	5,883,172
General Administration	993,483	1,014,482	977,981	907,836	970,151	1,088,102	1,151,908	1,254,322	1,287,516	1,448,485
School Administrative Services	1,500,106	1,611,203	1,811,058	1,902,760	2,082,171	1,876,788	1,862,961	2,755,784	2,918,434	2,923,768
Central and Other Support Services	484,777	628,389	579,310	571,373	637,103	654,175	723,973	1,036,303	1,095,235	1,055,782
Plant Operation and Maintenance	2,388,875	2,653,257	2,900,593	3,203,055	3,181,439	3,889,506	3,780,148	4,202,357	3,941,029	3,515,567
Student Transportation Services	839,842	663,149	776,810	733,370	795,344	849,073	1,361,325	1,172,226	1,481,367	1,186,451
Unallocated Expenditures	11,497,782	11,961,978	12,800,152	12,326,461	11,825,535	12,855,121	14,732,987			
Capital Outlay	209,157	187,719	520,681	379,830	403,059	136,325	851,899	1,126,220	2,157,652	2,242,003
Debt Service:										
Principal	430,000	435,000	440,000	495,000	505,000	510,000	525,000	565,000	425,000	1,436,604
Interest and Other Charges	256,813	237,098	216,818	195,008	171,658	147,653	93,643	82,673	224,622	435,667
Total Expenditures	36,633,059	38,230,206	39,910,529	40,045,380	41,214,543	43,443,948	47,098,413	48,933,732	50,874,955	51,247,543
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	471,729	343,858	(71,180)	101,059	274,266	46,655	(1,594,884)	(2,016,750)	(1,237,015)	(210,109)
Other Financing Sources (Uses)										
Capital Lease Proceeds										237,322
State Aid Advance Loan Proceeds									4,800,000	
Premiums on Notes								49,660	93,962	62,027
Transfers In								84,259	197,012	160,028
Transfers Out								(626,574)	(758,012)	(535,028)
Operating Transfers	(336,800)	(275,000)	(285,000)	(272,000)	(312,500)	(345,000)	(320,500)			
Total Other Financing Sources (Uses)	(336,800)	(275,000)	(285,000)	(272,000)	(312,500)	(345,000)	(320,500)	(492,655)	4,332,962	(75,651)
Net Change In Fund Balances	\$ 134,929	\$ 68,858	\$ (356,180)	\$ (170,941)	\$ (38,234)	\$ (298,345)	\$ (1,915,384)	\$ (2,509,405)	\$ 3,095,947	\$ (285,760)
Debt Service As A Percentage Of										
Noncapital Expenditures	1.89%	1.77%	1.67%	1.74%	1.66%	1.52%	1.34%	1.35%	1.33%	3.82%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

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

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<u>Fiscal Year Ended June 30.</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Transportation Fees</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Town of Lyndhurst ACCP Program</u>	<u>E-Rate</u>	<u>Credits and Adjustments</u>	<u>Cancelled Prior Year Payables</u>	<u>Misc.</u>	<u>Total</u>
2011	\$ 19,643			\$ 71,248	\$ 309,207					\$ 50,975	\$ 451,073
2012				64,300	104,340					3,713	172,353
2013	6,572			98,380	38,928					3,429	147,309
2014	5,520	\$ 28,534			65,667			\$ 3,205		308	103,234
2015	10,547				47,516					26,675	84,738
2016	6,526	27,554			85,948			61,887		1,575	183,490
2017	9,106	26,707			228,002			2,407		439	266,661
2018	23,623	40,171	\$ 72,858		27,523	\$ 25,000	\$ 18,732			4,255	212,162
2019	50,800	75,581	151,434		50,050		12,912		\$ 36,469	3,503	380,749
2020	102,566	55,827	149,845		66,923					5,697	380,858

Source: District financial statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^(e)
2011	\$ 161,491,700	\$ 2,119,432,600			\$ 467,476,050	\$ 655,880,200	\$ 62,855,700	\$ 3,467,136,250	\$ 6,647,733	\$ 3,473,783,983	\$ 3,375,925,358	\$ 0.928
2012 *	51,468,800	1,562,667,400			404,209,800	575,492,500	56,843,600	2,650,682,100	4,652,311	2,655,334,411	2,937,565,920	1.237
2013	51,265,900	1,564,237,000			403,364,900	575,442,300	56,709,600	2,651,019,700	4,355,209	2,655,374,909	2,833,854,903	1.255
2014	44,980,600	1,564,703,800			402,979,800	548,475,500	98,707,100	2,659,846,800	3,793,814	2,663,640,614	2,768,369,321	1.277
2015	44,625,700	1,569,316,100			391,876,900	536,260,800	121,818,000	2,663,897,500	3,964,445	2,667,861,945	2,464,660,097	1.309
2016	40,684,000	1,571,756,600			386,804,700	534,765,200	146,464,000	2,680,474,500	4,042,008	2,684,516,508	2,806,717,871	1.342
2017	40,526,500	1,582,588,500			381,588,200	523,912,600	145,959,000	2,674,574,800	3,633,059	2,678,207,859	3,164,601,688	1.385
2018	40,303,400	1,602,980,300			465,671,000	407,708,000	145,649,900	2,662,312,600	3,407,271	2,665,719,871	3,342,149,248	1.385
2019	39,329,100	1,609,428,800			511,299,200	383,112,600	164,639,900	2,707,809,600	3,541,653	2,711,351,253	3,309,300,670	1.443
2020	53,454,200	1,613,755,950			487,727,300	387,211,000	164,442,400	2,706,590,850	3,755,173	2,710,346,023	3,159,375,520	1.479

Source: County Abstract of Ratables

N/A = Not Available

* Revaluation Year

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates				Total Direct and Overlapping Tax Rate
	Lyndhurst Local School District	Municipality of Lyndhurst	Municipal Library	County Open Space	County of Bergen	
2011	\$ 0.928	\$ 0.744	\$ 0.032	\$ 0.003	\$ 0.199	\$ 1.906
2012	1.237	1.032	0.040	0.003	0.238	2.550
2013	1.255	1.102	0.035	0.003	0.236	2.631
2014	1.277	1.160	0.034	0.003	0.237	2.711
2015	1.309	1.189	0.033	0.003	0.213	2.747
2016	1.342	1.217	0.034	0.003	0.240	2.836
2017	1.385	1.188	0.039	0.012	0.277	2.901
2018	1.428	1.202	0.042	0.012	0.292	2.976
2019	1.443	1.178	0.040	0.011	0.280	2.952
2020	1.479	1.167	0.039	0.011	0.278	2.974

Source: County Abstract of Ratables

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

Taxpayer	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
MFREVF II - Lyndhurst LLC		0.00%		
340 Orient Way, LLC		0.00%		
Tiger Den Partners VI LLC		0.00%		
Copper Ridge, LLC (2 Properties)		0.00%		
JERC Partners VII, LLC		0.00%		
Veterans Square 2016, LLC		0.00%		
125 Chubb Avenue, LLC		0.00%		
Sika Chemical Corp./ANJ Corp.		0.00%		
Riverside Plz Urban RN LLC (3 Properties)		0.00%		
Lyndhurst Town Center LLC		0.00%		
Encap Gulf Holdings LLC (12 Properties)				0.00%
Avalon Bay Communities, Inc.				0.00%
Chubb Funding LLC				0.00%
Wells Operating Partnership (2 Properties)				0.00%
DGDJ 1-1200 WSW 337771 LLC (ETALS)				0.00%
Veterans Square Towne Center LLC				0.00%
Sika Chemical Corp. (2 Properties)				0.00%
Lyndhurst Residential Communities LLC				0.00%
City of Jersey City, Division of Water (17 Properties)				0.00%
DDR-SAU Lew Andowski LLC (2 Properties)				0.00%
	<u>\$ -</u>	<u>0.00%</u>	<u>\$ -</u>	<u>0.00%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 66,179,378	\$ 66,179,378	100%	
2012	67,857,360	67,857,360	100%	
2013	70,634,586	70,634,586	100%	
2014	71,843,371	71,843,371	100%	
2015	72,387,868	72,387,868	100%	
2016	74,784,471	74,784,471	100%	
2017	36,576,884	36,576,884	100%	
2018	37,500,802	37,500,802	100%	
2019	38,689,270	38,689,270	100%	
2020	39,555,241	39,555,241	100%	

Source: District records

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population	Per Capita
	General Obligation Bonds	Bond Anticipation Notes	State Aid Advance Loan	Capital Leases/Lease- Purchase Agreements			
2011	\$ 5,110,000				\$ 5,110,000	20,708	\$ 247
2012	4,675,000				4,675,000	20,769	225
2013	4,235,000				4,235,000	20,808	204
2014	3,740,000				3,740,000	21,483	174
2015	3,235,000				3,235,000	21,993	147
2016	2,725,000				2,725,000	21,973	124
2017	2,130,000	\$ 1,000,000			3,130,000	22,043	142
2018	1,565,000	12,000,000			13,565,000	22,485	603
2019	1,140,000	12,000,000	\$ 4,800,000	\$ 1,139,005	19,079,005	22,918	832
2020	755,000	11,974,000	4,320,000	804,723	17,853,723	22,918	E 779

Source: District records

E - Estimate

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2011	\$ 5,110,000		\$ 5,110,000	0.15%	\$ 247
2012	4,675,000		4,675,000	0.18%	225
2013	4,235,000		4,235,000	0.16%	204
2014	3,740,000		3,740,000	0.14%	174
2015	3,235,000		3,235,000	0.12%	147
2016	2,725,000		2,725,000	0.10%	124
2017	2,130,000		2,130,000	0.08%	97
2018	1,565,000	\$ 45,650	1,519,350	0.06%	68
2019	1,140,000	139,612	1,000,388	0.04%	44
2020	755,000	148,539	606,461	0.02%	26

Source: District records

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

	<u>Total Debt</u>
Municipal Debt: (1)	
Lyndhurst Board of Education (as of June 30, 2020)	\$ 20,602,807
Township of Lyndhurst	<u>102,909,890</u>
	<u>123,512,697</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	25,853,250
Passaic Valley Sewerage Commission (B)	<u>2,471,139</u>
	<u>28,324,389</u>
Total Direct and Overlapping Debt	<u>\$ 151,837,086</u>

Source:

(1) Borough's 2019 Annual Debt Statement

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

(B) The debt was computed based upon dividing the Township's 2019 billings by the total 2019 billings of the Commission.

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

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized valuation basis	
2017	\$ 3,334,049,863
2018	3,230,177,869
2019	3,136,943,466
	<u>\$ 9,701,171,198</u>

Average equalized valuation of taxable property	<u>\$ 3,233,723,733</u>
Debt limit (4% of average equalization value)	\$ 129,348,949
Total Net Debt Applicable to Limit	<u>20,602,807</u>
Legal debt margin	<u>\$ 108,746,142</u>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 137,063,969	\$ 134,051,720	\$ 124,799,788	\$ 116,240,840	\$ 108,674,738	\$ 108,129,248	\$ 113,738,883	\$ 123,269,568	\$ 129,520,287	\$ 129,348,949
Total net debt applicable to limit	<u>5,110,000</u>	<u>4,675,000</u>	<u>4,235,000</u>	<u>3,740,000</u>	<u>3,235,000</u>	<u>2,740,000</u>	<u>21,788,807</u>	<u>21,403,807</u>	<u>21,013,807</u>	<u>20,602,807</u>
Legal debt margin	<u>\$ 131,953,969</u>	<u>\$ 129,376,720</u>	<u>\$ 120,564,788</u>	<u>\$ 112,500,840</u>	<u>\$ 105,439,738</u>	<u>\$ 105,389,248</u>	<u>\$ 91,950,076</u>	<u>\$ 101,865,761</u>	<u>\$ 108,506,480</u>	<u>\$ 108,746,142</u>
Total net debt applicable to the limit as a percentage of debt limit	3.73%	3.49%	3.39%	3.22%	2.98%	2.53%	19.16%	17.36%	16.22%	15.93%

Source: Annual Debt Statements

EXHIBIT J-14

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

Year	Population	County Per Capita Personal Income	Unemployment Rate
2011	20,708	\$ 69,053	10.8%
2012	20,769	72,152	11.0%
2013	20,808	71,679	8.0%
2014	21,483	74,452	7.0%
2015	21,993	77,666	5.8%
2016	21,973	79,145	5.1%
2017	22,043	81,483	4.8%
2018	22,485	85,951	4.4%
2019	22,918	N/A	3.5%
2020	22,918	E N/A	N/A

Source: New Jersey State Department of Education

E - Estimate

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

	2020		2011	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular Programs (Including Aides)	147	156	158	162	163	163	164	158	164	158
Special Education (Including Aides)	51	51	54	58	63	64	66	71	83	72
Other Instruction	9	10	9	8	10	13	13	12	13	10
School Sponsored Activities and Athletics	1	1	1	1	1	1	1	1	1	1
Support Services:										
Student and Instruction Related Services	41	38	38	39	46	46	52	53	55	47
General Administration	7	7	7	6	6	6	5	5	5	5
School Administrative Services	16	18	19	21	21	20	22	21	21	22
Central Services and Admin. Info. Technology	6	7	6	6	6	6	8	10	10	9
Operation and Maintenance of Plant Svs.	25	23	33	34	27	27	40	32	32	33
Student Transportation Services	4	3	8	7	6	5	6	7	7	7
Total	<u>307</u>	<u>314</u>	<u>333</u>	<u>342</u>	<u>349</u>	<u>351</u>	<u>377</u>	<u>370</u>	<u>391</u>	<u>364</u>

Source: District Personnel Records

N/A - Not Available

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Teacher/Pupil Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	2,312.0	\$ 34,746,641	\$ 15,029	4.4%	162	14.3	2,312.0	2,191.1	0.2%	94.8%
2012	2,336.0	35,820,540	15,334	2.0%	155	15.1	2,336.0	2,222.5	1.0%	95.1%
2013	2,240.3	36,857,527	16,452	7.3%	159	14.1	2,240.3	2,132.4	-4.1%	95.2%
2014	2,311.7	37,275,715	16,125	-2.0%	149	15.5	2,311.7	2,200.9	3.2%	95.2%
2015	2,390.2	38,089,632	15,936	-1.2%	170	14.1	2,390.2	2,273.7	3.4%	95.1%
2016	2,385.0	39,610,060	16,608	4.2%	167	14.6	2,385.0	2,269.8	-0.2%	95.2%
2017	2,468.0	42,505,052	17,222	3.7%	171	14.8	2,468.0	2,351.7	3.5%	95.3%
2018	2,507.0	47,159,839	18,811	9.2%	180	13.9	2,503.1	2,356.9	1.4%	94.2%
2019	2,615.0	48,067,681	18,382	-2.3%	217	12.1	2,610.1	2,461.4	4.3%	94.3%
2020	2,550.0	47,133,269	18,484	0.6%	217	11.8	2,550.0	2,403.0	-2.3%	94.2%

Sources: District records

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
District Building										
<u>Elementary</u>										
<u>Columbus</u>										
Square Feet	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500
Capacity (students)	126.90	126.90	126.90	126.90	126.90	126.90	126.90	126.90	126.90	126.90
Enrollment	135.00	151.00	207.00	222.00	183.00	164.00	213.96	214.00	211.00	181.00
<u>Franklin</u>										
Square Feet	18,400	18,400	18,400	18,400	18,400	18,400	18,400	18,400	18,400	18,400
Capacity (students)	205.20	205.20	205.20	205.20	205.20	205.20	205.20	205.20	205.20	205.20
Enrollment	241.00	249.00	303.00	317.00	202.00	217.00	220.34	232.00	234.00	244.00
<u>Jefferson</u>										
Square Feet	32,060	32,060	32,060	32,060	32,060	32,060	32,060	32,060	32,060	32,060
Capacity (students)	260.10	260.10	260.10	260.10	260.10	260.10	260.10	260.10	260.10	260.10
Enrollment	274.00	276.00	259.00	266.00	268.00	276.00	268.00	274.00	270.00	271.00
<u>Lincoln</u>										
Square Feet	24,300	24,300	24,300	24,300	24,300	24,300	24,300	24,300	24,300	24,300
Capacity (students)	283.50	283.50	283.50	283.50	283.50	283.50	283.50	283.50	283.50	283.50
Enrollment	285.00	263.00	238.00	241.00	248.00	278.00	265.06	266.00	255.00	256.00
<u>Roosevelt</u>										
Square Feet	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600
Capacity (students)	431.10	431.10	431.10	431.10	431.10	431.10	431.10	431.10	431.10	431.10
Enrollment	440.00	475.00	402.00	377.00	388.00	408.00	401.95	400.00	416.00	445.00
<u>Washington</u>										
Square Feet	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Capacity (students)	273.70	273.70	273.70	273.70	273.70	273.70	273.70	273.70	273.70	273.70
Enrollment	278.00	255.00	211.00	221.00	188.00	195.00	184.00	212.00	184.00	200.00
<u>Memorial Campus</u>										
Square Feet					17,800	17,800	17,800	17,800	17,800	17,800
Capacity (students)					150.00	150.00	150.00	150.00	150.00	150.00
Enrollment					193.00	163.00	182.61	162.00	204.00	172.00
<u>High School</u>										
Lyndhurst High School										
Square Feet	112,300	112,300	112,300	112,300	112,300	112,300	112,300	112,300	112,300	112,300
Capacity (students)	906.95	906.95	906.95	906.95	906.95	906.95	906.95	906.95	906.95	906.95
Enrollment	673.00	683.00	672.00	704.00	721.00	735.00	732.07	747.00	753.00	781.00

Number of Schools at June 30, 2020
 Elementary = 7
 High School = 1

N/A - Information was not available.

Source: District Records

LYNDHURST BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 (Unaudited)

	Project # (s)	Gross Building Area (SF)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
*School Facilities												
Lyndhurst Senior High School	N/A		\$ 257,611	\$ 387,873	\$ 329,062	\$ 618,629	\$ 514,288	\$ 512,059	\$ 450,383	\$ 388,111	\$ 361,366	\$ 319,021
Columbus Elementary School	N/A		19,049	19,436	60,522	54,989	45,715	101,332	127,886	36,288	33,787	29,828
Franklin Elementary School	N/A		32,025	47,705	288,847	96,231	80,001	83,979	137,700	63,591	59,209	52,271
Jefferson Elementary School	N/A		84,430	110,215	262,287	178,715	148,572	164,834	177,053	110,800	103,165	91,076
Lincoln Elementary School	N/A		68,282	51,667	47,289	137,473	114,287	60,881	66,450	83,981	78,194	69,031
Roosevelt Elementary School	N/A		41,985	52,779	55,563	123,726	102,858	114,043	92,652	74,650	69,506	61,361
Washington Elementary School	N/A		49,594	67,829	142,801	109,978	91,429	103,397	71,062	67,393	62,748	55,396
Memorial Campus	N/A		-	-	-	54,989	45,715	74,854	64,789	61,517	57,278	50,566
Grand Total			<u>\$ 552,976</u>	<u>\$ 737,504</u>	<u>\$ 1,186,371</u>	<u>\$ 1,374,730</u>	<u>\$ 1,142,865</u>	<u>\$ 1,215,379</u>	<u>\$ 1,187,975</u>	<u>\$ 886,331</u>	<u>\$ 825,253</u>	<u>\$ 728,550</u>

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Source: District Records

N/A - Not Available

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

Property	<u>Coverage</u>	<u>Insurance Company</u>	<u>Deductible</u>
Blanket Building and Contents Coverage	\$ 75,801,831	School Alliance Insurance Fund	\$ 2,500
Business Income/Extra Income	250,000	School Alliance Insurance Fund	
Boiler and Machinery	100,000,000	School Alliance Insurance Fund	1,000
Flood	10,000,000	School Alliance Insurance Fund	
Earthquake	25,000,000	School Alliance Insurance Fund	
General Liability			
Limit of Liability	5,000,000	School Alliance Insurance Fund	
Products/Completed Operations	50,000,000	School Alliance Insurance Fund	
Personal and Advertising Injury	5,000,000	School Alliance Insurance Fund	
Each Occurrence	5,000,000	School Alliance Insurance Fund	
Damage to Rented Premises	2,500,000	School Alliance Insurance Fund	
Medical Expense (Per Person)	5,000	School Alliance Insurance Fund	
Employee Benefits	5,000,000	School Alliance Insurance Fund	
School Leaders Professional Liability			
General Aggregate	5,000,000	School Alliance Insurance Fund	10,000
Each Occurrence	5,000,000	School Alliance Insurance Fund	25,000
Environmental Liability			
Per Incident	1,000,000	Illinois Union Insurance Group	
Fund Annual Aggregate	25,000,000	Illinois Union Insurance Group	10,000
Cyber Liability			
Limit of Liability	2,000,000	School Alliance Insurance Fund	10,000
Student Accident			
Maximum Benefit	5,000,000	Zurich Insurance Company	
Benefit Period	10 Years	Zurich Insurance Company	
Business Auto			
Liability - Combined Single Limit	5,000,000	School Alliance Insurance Fund	Comprhnsv-\$1,000 Collision - \$1,000
Medical Payments (Each Person)	5,000	School Alliance Insurance Fund	
Uninsured Motorists - Combined Single Limit	15,000	School Alliance Insurance Fund	
Underinsured Motorists - Combined Single Limit	15,000	School Alliance Insurance Fund	
Crime			
Employee Dishonesty	500,000	School Alliance Insurance Fund	1,000
Forgery or Alteration	50,000	School Alliance Insurance Fund	
Inside Premises	50,000	School Alliance Insurance Fund	
Outside Premises	50,000	School Alliance Insurance Fund	
Robbery of Custodians	25,000	School Alliance Insurance Fund	
Safe Burglary	25,000	School Alliance Insurance Fund	
Outside Premises	25,000	School Alliance Insurance Fund	
Computer Fraud	50,000	School Alliance Insurance Fund	

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

	<u>Coverage</u>	<u>Insurance Company</u>	<u>Deductible</u>
Equipment Floater		School Alliance Insurance Fund	\$ 1,000
Umbrella			
Liability - Each Occurrence	5,000,000	School Alliance Insurance Fund	
Aggregate Limit	5,000,000	School Alliance Insurance Fund	
Excess Umbrella			
Liability - Each Occurrence	5,000,000	Fireman's Fund	
Aggregate Limit	5,000,000	Fireman's Fund	
Accidental Death & Dismemberment			
Coverage Limit Per Person	100,000	Gerber Life Insurance Company	
Aggregate Limit	500,000	Gerber Life Insurance Company	
Finance Department Surety Bond			
Bond Amount	50,000	Selective Insurance Company	
Employee Blanket Bond			
Bond Amount	100,000	Selective Insurance Company	
	1,000	Selective Insurance Company	
Business Administrator Surety Bond			
Bond Amount	500,000	Selective Insurance Company of America	
Treasurer of School Monies Surety Bond			
Bond Amount	500,000	Selective Insurance Company	

Source: School District records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lyndhurst Board of Education
Lyndhurst, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lyndhurst Board of Education as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Lyndhurst Board of Education's basic financial statements and have issued our report thereon dated January 27, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Lyndhurst Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 27, 2021.

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 Lyndhurst Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Lyndhurst Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 27, 2021



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

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

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Education
Lyndhurst Board of Education
Lyndhurst, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Lyndhurst Board of Education’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Lyndhurst Board of Education’s major federal and state programs for the fiscal year ended June 30, 2020. The Lyndhurst Board of Education’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Lyndhurst Board of Education’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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Lyndhurst Board of Education’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal and state program is not modified with respect to these matters.

The Lyndhurst Board of Education's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Lyndhurst Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Lyndhurst Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Lyndhurst Board of Education'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 U.S. 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 Lyndhurst Board of Education's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lyndhurst Board of Education, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 27, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 27, 2021

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2019			Unearned Revenue Carryover Amount	Accounts Receivable Carryover Amount	Balance, June 30, 2020			Memo GAAP Receivable
						(Accounts Receivable)	Unearned Revenue	Due to Grantor			(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture														
Passed-through State Department of Agriculture														
Enterprise Fund:														
Child Nutrition Cluster														
National School Breakfast Program														
Cash Assistance	10.553	201NJ304N1099	N/A	7/1/19-6/30/20	\$ 24,239						\$ 21,707	\$ 24,239	\$ (2,532)	\$ (2,532)
Cash Assistance	10.553	191NJ304N1099	N/A	7/1/18-6/30/19	19,668	(1,459)					1,459		-	-
National School Lunch Program														
Non-Cash Assistance	10.555	201NJ304N1099	N/A	7/1/19-6/30/20	34,512						34,512	29,694		4,818
Non-Cash Assistance	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	28,484		1,193					1,193		-
Cash Assistance	10.555	201NJ304N1099	N/A	7/1/19-6/30/20	189,243						184,742	189,243	(4,501)	(4,501)
Cash Assistance	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	234,528	(17,316)					17,316			-
Total U.S. Department of Agriculture/Child Nutrition Cluster						(18,775)	1,193				259,736	244,369	(7,033)	4,818
U.S. Department of Education														
Passed-through State Department of Education														
SPECIAL REVENUE FUND														
Special Education Cluster (IDEA)														
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	FT-100002	7/1/18-6/30/19	651,761			16,652	(16,652)	566,959	651,639	(101,454)	16,774	(84,680)
I.D.E.A. Part B, Basic Regular	84.027	H027A180100	FT-100002	7/1/18-6/30/19	645,352	(83,888)	16,652	\$ (16,652)	\$ 16,652	67,236				-
I.D.E.A. Part B, Preschool	84.173	H173A190114	PS-100005	7/1/19-9/30/20	25,877			2,599	(2,599)	312	26,396		(28,164)	2,080
I.D.E.A. Part B, Preschool	84.173	H173A180114	PS-100005	7/1/18-6/30/19	25,519	(10,269)	28	(2,599)	2,599	7,670			2,571	-
Total Special Education Cluster IDEA						(94,157)	16,680			642,177	678,035	2,571	(129,618)	18,854
ESSA														
Title I, Part A	84.010	S010A190030	ESSA-190300	7/1/19-9/30/20	306,836			2,832	(2,832)	196,202	288,241	(113,466)	21,427	(92,039)
Title I, Part A	84.010	S010A180030	ESSA-180300	7/1/18-6/30/19	327,565	(110,729)	2,832		(2,832)	107,897				-
Total ESSA Title I						(110,729)	2,832			304,099	288,241		(113,466)	21,427
Title II, Part A	84.367A	S367A190029	ESSA-190300	7/1/19-9/30/20	55,605					36,485	51,422	(19,120)	4,183	(14,937)
Title II, Part A	84.367A	S367A180029	ESSA-180300	7/1/18-6/30/19	59,892	(29,773)				107,897				-
Total ESSA Title II						(29,773)				66,258	51,422		(19,120)	4,183
Title III	84.365	S365A190030	ESSA-190300	7/1/19-9/30/20	16,181			637	(637)	3,302	16,232	(13,516)	586	(12,930)
Title III	84.365	S365A180030	ESSA-180300	7/1/18-6/30/19	11,205	(6,169)	637	(637)	637	5,532				-
Title III - Immigrant	84.365	S365A190030	ESSA-180300	7/1/19-9/30/20	8,528			2,996	(2,996)	1,356	2,996	(10,168)	8,528	(1,640)
Title III - Immigrant	84.365	S365A180030	ESSA-180300	7/1/18-6/30/19	7,589	(6,983)	4,198	(2,996)	2,996	3,987				1,202
Total ESSA Title III						(13,152)	4,835			14,177	19,228		(23,684)	9,114
Title IV	84.424	S424A190031	ESSA-190300	7/1/19-6/30/20	19,122			142	(142)	-		(19,264)	19,264	-
Title IV	84.424	S424A180031	ESSA-180300	7/1/18-6/30/19	19,679	(18,431)	142		(142)	18,289				-
Total NCLB Title IV						(18,431)	142			18,289			(19,264)	19,264
Temporary Emergency Impact Aid	84.938C	S938C18005	N/A	N/A	10,688					10,688				10,688
CARES Act	84.425D	S425D200027	N/A	3/3/20-9/30/22	246,671								(246,671)	246,671
Total Special Revenue Fund						(266,242)	24,489			1,055,688	1,036,926	2,571	(551,823)	330,201
Total U.S. Department of Education						(266,242)	24,489			1,055,688	1,036,926	2,571	(551,823)	330,201
U.S. Department of Health and Human Services														
General Fund														
Medical Assistance Program	93.778	1905NJ5MAP	N/A		56,233					56,233	56,233			
Total General Fund										56,233	56,233			
Total Federal Awards						\$ (285,017)	\$ 25,682	\$ -	\$ -	\$ 1,371,657	\$ 1,337,528	\$ 2,571	\$ (558,856)	\$ 335,019

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balance, June 30, 2020			GAAP Receivable	Memo Cumulative Total Expenditures
									(Accounts Receivable)	Unearned Revenue	Due to Grantor		
State Department of Education													
General Fund:													
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$ 404,524		\$ 390,747	\$ 404,524				\$ (13,777)			\$ 404,524
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	404,524	\$ (19,306)	19,306					-			-
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	1,609,062		1,554,261	1,609,062				(54,801)			1,609,062
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	1,484,288	(70,839)	70,839					-			-
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	75,106		72,548	75,106				(2,558)			75,106
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	75,106	(3,585)	3,585					-			-
Total State Aid - Public Cluster				(93,730)	2,111,286	2,088,692	-	-	(71,136)	-	-	-	2,088,692
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	239,630		231,469	239,630				(8,161)			239,630
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	239,630	(11,437)	11,437					-			-
Non-Public Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	25,810	(25,810)	25,810					-			-
Total Transportation Aid Cluster				(37,247)	268,716	239,630	-	-	(8,161)	-	-	-	239,630
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	438,120			438,120				(438,120)			438,120
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	417,374	(417,374)	417,374					-			-
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	7/1/19-6/30/20	1,377,631		1,376,787	1,376,787				-			1,376,787
Reimbursed TPAF Social Security Contribution	19-495-034-5094-003	7/1/18-6/30/19	1,338,826	(66,346)	66,346					-			-
On-Behalf TPAF										-			-
Pension Benefit Cost	20-495-034-5094-002	7/1/19-6/30/20	3,942,552		3,942,552	3,942,552				-			3,942,552
Pension - NCGI Premium	20-495-034-5094-004	7/1/19-6/30/20	70,666		70,666	70,666				-			70,666
Post Retire. Medical	20-495-034-5094-001	7/1/19-6/30/20	1,488,830		1,488,830	1,488,830				-			1,488,830
Long-Term Disability Insurance Prem.	20-495-034-5094-004	7/1/19-6/30/20	4,160	-	4,160	4,160				-			4,160
Total General Fund				(614,697)	9,746,717	9,649,437	-	-	(517,417)	-	-	-	9,649,437
Special Revenue:													
New Jersey Nonpublic Aid:													
Auxiliary Services:													
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	111,700		94,442	104,320				(17,258)	\$ 7,380	(17,258)	104,320
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	105,924	9,480				\$ 9,480		-			-
English as a Second Language	20-100-034-5120-067	7/1/19-6/30/20	3,061		3,061					-	3,061		-
Nonpublic Home Instruction	20-100-034-5120-067	7/1/19-6/30/20	930			930				(930)		(930)	930
Nonpublic Home Instruction	19-100-034-5120-067	7/1/18-6/30/19	1,042	(1,042)	1,042					-			-
Total Nonpublic Auxiliary Services Aid (Chapter 192) Cluster				8,438	98,545	105,250	-	9,480	(18,188)	-	10,441	(18,188)	105,250
Handicapped Services:													
Examination & Classification	20-100-034-5120-066	7/1/19-6/30/20	41,238		41,238	33,996				-	\$ 7,242		33,996
Examination & Classification	19-100-034-5120-066	7/1/18-6/30/19	26,935	5,277				5,277		-			-
Supplemental Instruction	20-100-034-5120-066	7/1/19-6/30/20	23,960		23,960	21,209				-	2,751		21,209
Supplemental Instruction	19-100-034-5120-066	7/1/18-6/30/19	25,375	9,118				9,118		-			-
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	30,988		22,916	26,522				(8,072)	4,466	(8,072)	26,522
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	28,569	2,856	-			2,856		-			-
Total Nonpublic Handicapped Aid (Chapter 193) Cluster				17,251	88,114	81,727	-	17,251	(8,072)	-	14,459	(8,072)	81,727

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019	Cash Received	Budgetary Expenditures	Adjustment	Refund of	Balance, June 30, 2020			GAAP	Memo
								Prior Years' Balances	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Receivable	Cumulative Total Expenditures
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	\$ 15,022		\$ 15,022	\$ 14,934					\$ 88		\$ 14,934
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	16,714	\$ 11				\$ 11			-		-
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	27,645		27,645	27,645					-		27,645
Technology Aid	20-100-034-5120-373	7/1/19-6/30/20	10,260		10,260	8,984					1,276		8,984
Security Aid	20-100-034-5120-509	7/1/19-6/30/20	42,750		42,750	40,000					2,750		40,000
Security Aid	19-100-034-5120-509	7/1/18-6/30/19	46,950	1,602	-	-		1,602			-		-
Total Special Revenue Fund				<u>27,302</u>	<u>282,336</u>	<u>278,540</u>	<u>-</u>	<u>28,344</u>	<u>\$ (26,260)</u>	<u>-</u>	<u>29,014</u>	<u>\$ (26,260)</u>	<u>278,540</u>
State Department of Agriculture													
Enterprise Funds:													
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	4,154		4,083	4,154				(71)		(71)	4,154
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	5,384	(407)	407	-							-
Total Enterprise Funds/Child Nutrition Cluster				<u>(407)</u>	<u>4,490</u>	<u>4,154</u>	<u>-</u>	<u>-</u>	<u>(71)</u>	<u>-</u>	<u>-</u>	<u>(71)</u>	<u>4,154</u>
Total State Financial Assistance Subject to Single Audit Determination				<u>(587,802)</u>	<u>10,033,543</u>	<u>9,932,131</u>	<u>-</u>	<u>28,344</u>	<u>(543,748)</u>	<u>-</u>	<u>29,014</u>	<u>(26,331)</u>	<u>9,932,131</u>
State Financial Assistance Not Subject to Major Program Determination													
General Fund													
On-Behalf TPAF													
Pension Benefit Cost	19-495-034-5094-002	7/1/18-6/30/19	3,445,941		(3,942,552)	(3,942,552)							(3,942,552)
Pension - NCGI Premium	19-495-034-5094-004	7/1/18-6/30/19	72,133		(70,666)	(70,666)							(70,666)
Post Retire. Medical	19-495-034-5094-001	7/1/18-6/30/19	1,595,792		(1,488,830)	(1,488,830)							(1,488,830)
Long-Term Disability Insurance Prem.	19-495-034-5094-004	7/1/18-6/30/19	4,587		(4,160)	(4,160)							(4,160)
Total State Financial Assistance Subject to Major Program Determination				<u>\$ (587,802)</u>	<u>\$ 4,527,335</u>	<u>\$ 4,425,923</u>	<u>\$ -</u>	<u>\$ 28,344</u>	<u>\$ (543,748)</u>	<u>\$ -</u>	<u>\$ 29,014</u>	<u>\$ (26,331)</u>	<u>\$ 4,425,923</u>

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$5,124 for the general fund and an increase of \$2,127 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 56,233	\$ 9,654,561	\$ 9,710,794
Special Revenue Fund	1,030,546	1,030,546	2,061,092
Food Service Fund	<u>244,369</u>	<u>4,154</u>	<u>248,523</u>
Total Financial Assistance	<u>\$ 1,331,148</u>	<u>\$ 10,689,261</u>	<u>\$ 12,020,409</u>

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

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,376,787 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$4,013,218, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,488,830 and TPAF Long-Term Disability Insurance in the amount of \$4,160 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified
not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to basic financial
statements noted? _____ yes X no

Federal Awards Section

Internal Control over major programs:

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

2) Significant deficiencies identified
not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported
in accordance with Uniform Guidance? _____ yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEA Part B Basic Regular</u>
<u>84.173</u>	<u>IDEA Part B Preschool</u>
_____	_____
_____	_____
_____	_____

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

Auditee qualified as low-risk auditee? _____ yes X no

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

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

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

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

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

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

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

CURRENT YEAR STATE AWARDS

Finding 2020-001

Our audit of purchases and contract awards in excess of the bid threshold revealed the following as it relates to compliance with the Public School Contracts Law and State procurement guidelines:

- Our audit indicated several vendors paid in excess of the bid threshold were based on the use of cooperative purchasing agreements which were not approved by the Board and included in the official minutes. Furthermore, the applicable cooperative purchasing agreements were not provided in order to determine the validity of the contracts.
- We noted purchases in excess of the bid threshold made through a National Purchasing Cooperative agreement vendor that was not approved in the minutes and was not publicly advertised for intent to purchase. In addition, documentation was not provided to support verification of bid process or proof of cost savings.

State Program Information

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or Specific Requirement

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
NJSA 18A:18A – Public School Contracts Law

Condition

Purchase of various goods and services were made through cooperative purchasing agreements and a National Cooperative that were not in accordance with the procedures specified in the Public School Contracts Law and State procurement guidelines.

Questioned Costs

Unknown.

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

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

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

CURRENT YEAR STATE AWARDS

Finding 2020-001 (Continued)

Context

Purchases of custodial equipment and supplies, office supplies and band uniforms through cooperative purchasing and National Cooperative vendors were not approved by Board resolution. In addition, supporting documentation was not available to support the validity of the contracts and that required procurement procedures were followed.

Effect

Noncompliance with requirements of the Public School Contracts Law.

Cause

Unknown.

Recommendation

Contract awards and purchases made in excess of the bid threshold through the use of cooperative purchasing agreements and National Purchasing Cooperatives be approved by the Board in the official minutes and made in accordance with the Public School Contracts Law and State procurement guidelines. In addition, documentation be maintained on file and made available for audit to support the District's awards pursuant to cooperative purchasing agreements and National Cooperatives.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

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

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2019-001

Our audit of the District's capital assets revealed documentation to support amounts reported for land and building/building improvements and related depreciation was not maintained by the District and made available for audit.

Current Status

Corrective actions has been taken.

Finding 2020-002

Our audit of purchases and procedures related to compliance with the Public School Contracts Law revealed the following:

- We noted several instances where contract awards in excess of the bid threshold for architectural services related to specific projects were not approved by Board resolution and made part of the official minutes..
- We noted certain vendors paid in excess of the bid threshold that were contracted through a state contract or cooperative purchasing agreement which were not approved by board resolution and made part of the official minutes.
- We noted numerous instances where Board approved professional service contract awards in excess of the bid threshold were not subsequently published in the District's official newspaper as required by the Public School Contracts Law (N.J.S.A. 18A:18A-5(a)(1)).

Current Status

Partial corrective action has been taken. See Finding 2020-001.