

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

Moonachie, New Jersey

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

**Prepared by
Business Office**

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INTRODUCTORY SECTION

Moonachie Public School

Business Office

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Moonachie, NJ 07074

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Superintendent/Principal
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December 15, 2020

Honorable President and
Members of the Board of Education
Moonachie School District
20 West Park Street
Moonachie, New Jersey 07074

Dear Board Members:

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

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the "Independent Auditor's Report".

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A), the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). 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 as amended, US 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 the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Moonachie School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Moonachie Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 for regular and special education handicapped youngsters. The District completed the 2019-2020 fiscal year with an average daily enrollment of 333 students, which is an increase of 15 students compared to the previous year's average daily enrollment. In addition, the District is in a sending/receiving relationship for its 9-12th grade students with the Wood-Ridge School District. The following details the changes in the student enrollment of the Moonachie School District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020	333	4.73%
2019	318	1.6%
2018	313	(1.6%)
2017	318	4.61%
2016	304	3.05%
2015	295	2.43%
2014	288	4.35%
2013	276	(2.12)%
2012	282	(1.05)%
2011	285	3.64%

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Moonachie has reached a point of stabilized growth and this trend is anticipated to continue.

3) MAJOR INITIATIVES: The Moonachie School District implemented the following initiatives during the 2019-2020 school year:

*The District applied for and was subsequently awarded the Pre-School Education Expansion Aid grant provided by the State of New Jersey in October, 2018. Due to this major initiative, the Moonachie School District transitioned our current ½ day pre-school program into a full-day program effective January 2nd, 2019. Administration has also reapplied and was awarded this grant for the next three academic years. The awarded monies allows the district to purchase a state approved Pre-K curriculum, trainings, staffing, and age appropriate instructional materials. Additionally, for the 2020-2021 school year, the district has applied and was awarded the creation of an additional Pre-K 3 Year Old classroom to accommodate 15 more district preschool children.

*The District continues to implement renaissance STAR diagnostic assessments in reading and math for all students in grades K-8. Data is collected and analyzed for student progress throughout the year. The entire school received benchmark assessments 3 times a year, with intervention students receiving an additional 2 progress-monitoring assessments. For the first time, we have expanded STAR Early Literacy assessment into the Kindergarten level for all 3-benchmark periods.

3) MAJOR INITIATIVES: (Continued)

*The District has continued our Targeted Ongoing Professional Development plan with two separate consultants, one for ELA and one for Math. The teachers receive intensive training 5-times a year in each content. The teachers are heavily trained on Tier 1 instructional best practices. The practices are: Reciprocal Teaching, Socratic Seminar, Close Reading, Mathematics Discussions, & Math Reasoning. Teachers are observed, coached, and provided the tools to ensure implementation and growth within each practice. The consultants are highly recommended professors of education from Rutgers University and The College of New Jersey. This vision and implementation has played a major part in the continued academic growth of our students.

*The District has continued to expand our Targeted Ongoing Professional Development model into Special Education. Our Special Education consultant has begun to provide our inclusion and self-contained teachers with Professional Development in best practices surrounding age-appropriate modifications for special education students. The consultant, a professor of Special Education from Rutgers University, is observing our teachers and providing immediate coaching for instructional growth.

*The District has continued to expand our Targeted ongoing Professional Development model into Science. Our Science consultant has begun to provide our science instructors Professional Development in best practices surrounding the NGSS. The consultant, a professor from Rutgers University, is observing our teachers, providing immediate coaching feedback, setting growth goals, and analyzing student work.

*The District has expanded our Tiered PBIS program by implementing a Tier 3 Trauma Informed Behavior Team. This team discusses extreme student's behaviors, usually a result of experiencing trauma. Our Special Education consultant doubles as a point of contact to guide our team in making Trauma Informed Behavioral Intervention Plans for most at risk students. This Tier 3 component is the final piece to our School Wide PBIS system. Tier 1 consists of our House System, Tier 2 is our Teacher Mentor Check-In Check-Out program, and finally our Tier 3 provides intensive behavioral supports for our most at risk students.

*The District supported the implementation of the 21st Century Learning Grant, in partnership with the Meadowlands YMCA, to offer free before/after school care and academic remediation and enrichment. The District works in partnership with the YMCA program to ensure an Extended School Day approach, whereas students receive homework help and instruction on topics covered in class. Furthermore, the 21st Century Learning Grant has afforded our District to implement a Saturday Tutoring Program. This program is be offered to our current K-8 students, and will be expanded to support students in high school who may be struggling and/or are looking for PSAT Prep support.

*The District's STEAM Team has been increasingly successful. The team won a competition at NJIT in the spring and then subsequently presented their creation at a competition in Atlantic City. The District is extremely proud of their hard work and dedication.

*The district focused on decreasing our Chronic Absenteeism. Due to revamping the reporting of absent/tardy students as well as implementing incentives for students to attend school, we successfully reached our growth target for decreasing student chronic absenteeism.

*The district has successfully restructured our Grades 2-8 Special Education program to increase Inclusive Practices for all our students. The students are exposed to quality Tier 1 practices with

3) MAJOR INITIATIVES: (Continued)

their general education peers. Staff have already reported observing positive academic progress, behaviors, and social norms because of this change to student programming.

*In partnership with the 21st Century Learning Grant, the District has implemented the research based LEXIA program for our Special Education students and English as a Second Language Students. The program is implemented as a Tier 2 instructional intervention for these students.

*Middle School Students engage in hosting R.L.C. TV each day for announcements. They script, film, and edit the announcements for each morning.

*Our Morning tutoring program has been expanded. Students at each grade level had been identified for Tier 2 instructional support. These students receive two-days of direct instructional support during morning tutoring time. Additionally, our teachers still offer open tutoring for students during a different two-day schedule. With this new model, we have targeted more students to receive academic support, while maintaining our daily tutoring support.

*The District has implemented a GOAT (Get Our Assignments Together) Lunch Program to help our students become the Greatest Of All Time. The Lunch Program affords students extra time to complete assignments and projects. This program has been expanded to support our highest performing students. Our students made a proposal for a location that could double as a 'study hall' to work on projects during lunch. This student proposal was agreed upon by administration. It is fully student led and has had a profound impact on their ability to time manage and complete assignments/projects.

*K-5 Students engage in an elementary world language program, once a week. Students are exposed to the Spanish language and culture. The class is led by our certified World Language instructor.

*District has implemented an Enrichment program for grades 7 & 8. The program is in partnership with the local police department as a community outreach project.

*The district has created an Enrichment program to support students applying to special-admit high schools. The students have engaged with the ABC (A Better Chance) program to support student academic performance on entrance exams and taking the PSAT.

*District has implemented Voyager Vocabulary program to support our ESL students in grades 4-8 increase their vocabulary exposure and understanding.

*Rocket Math program was implemented in all grade levels to increase student Math Fact Fluency.

*All curriculums continue to be updated and board approved to align to the NJSL & NGSS.

*Reading Street Reading Program and EnVision Math Program continues throughout grades K-5.

*The number of HIB complaints/investigations remain low by reinforcing conduct and behavior, training staff, and training students. There have been zero reports of HIB for September through November, 2020.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statement in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the General Fund and Special Revenue Fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

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

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements", Note 1.

7) DEBT ADMINISTRATION: At June 30, 2020, the District's outstanding debt issues have been fully satisfied.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

10) OTHER INFORMATION: 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, CPAs, was selected 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 as amended, US Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial 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.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Moonachie 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,

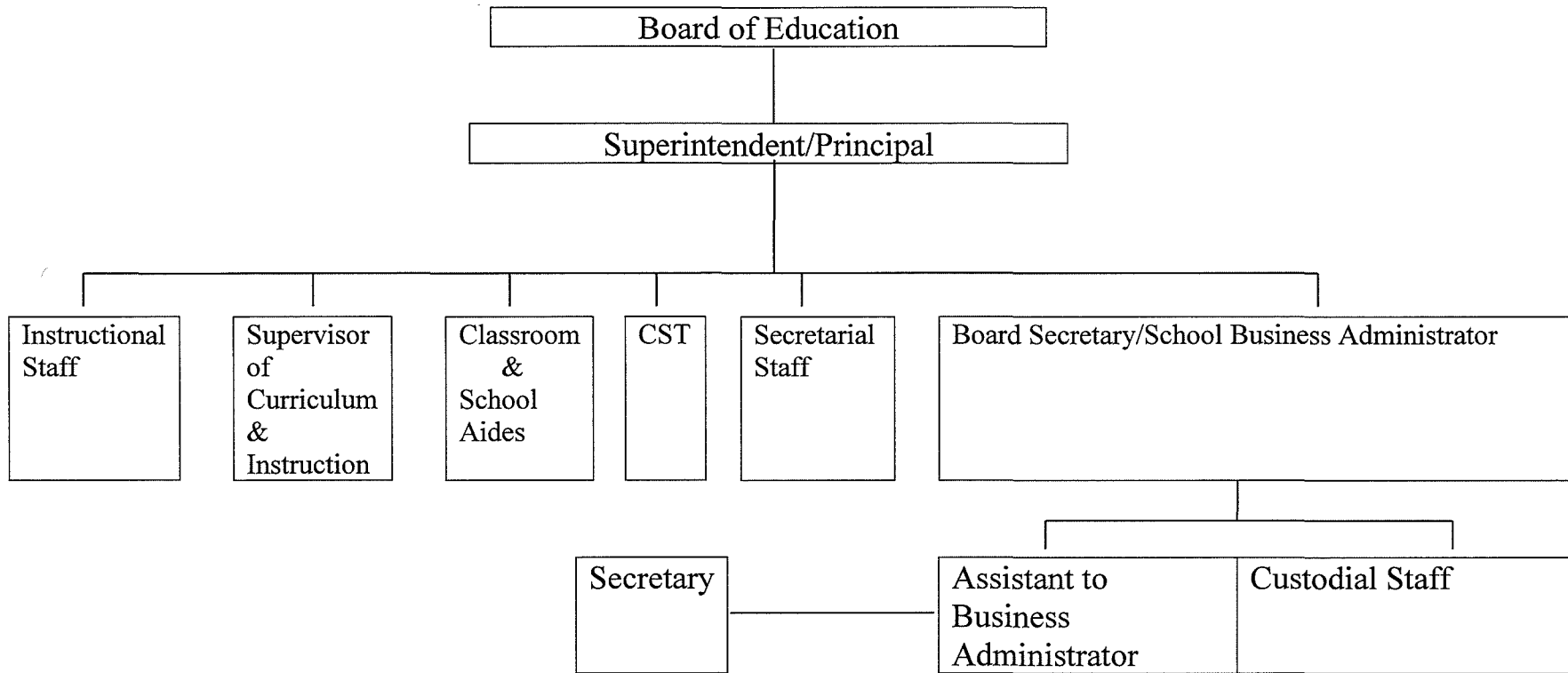


James Knipper
Superintendent



Laurel Spadavecchia
School Business Administrator

**Moonachie School District
2019-2020 Organizational Chart**



**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
David Vaccaro, President	2021
James Campbell, Vice President	2022
Edmond Monti	2022
Charles Pallas	2020
Matthew Vaccaro	2021

Other Officials

Johnathan Ponds, Superintendent/Principal

Laurel Spadavecchia, Business Administrator/Board Secretary

Dennis McKeever, Esq. Board Attorney

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

Consultants and Advisors

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208 N
Fair Lawn, New Jersey 07410

Attorney

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

Official Depository

Capital One Bank
710 Route 46
Fairfield, NJ 07004

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Moonachie Board of Education
Moonachie, 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 Moonachie 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 Moonachie 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 Moonachie Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Moonachie 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 December 15, 2020 on our consideration of the Moonachie 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 Moonachie 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 Moonachie Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 15, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

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

This discussion and analysis of the Moonachie School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2020. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- District-Wide Financials - Overall revenues were \$11,410,130. General revenues accounted for \$8,899,334 or 78 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,510,796 or 22 percent of total revenues of \$11,410,130.
- District-Wide Financials - The School District had \$10,752,159 in expenses; only \$2,510,796 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$8,899,334 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Moonachie Board of Education's governmental funds reported combined ending fund balances of \$2,654,608 an increase of \$914,438 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2020, unassigned fund balance for the General Fund was \$208,985, an increase of \$85,905.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of five parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Moonachie Board of Education’s overall financial status.
- The remaining statements are fund financial statements that focus on individual funds of the Moonachie Board of Education, reporting the Moonachie Board of Education’s operation in more detail than the district-wide statements.
 - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the Moonachie Board of Education operates like a business.
 - 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.

Figure A-1 summarizes the major features of the Moonachie Board of Education’s financial statements, including the portion of the Moonachie Board of Education’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.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses
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 Revenues, Expenses, and Changes in Net Position Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset, deferred outflows, liabilities and deferred inflows information	All assets, deferred outflows, liabilities and deferred inflows both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities and deferred inflows both financial and capital, and short-term and long-term
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.

District-wide Statements

District-wide. The *District-wide financial statements* are designed to provide readers with a broad overview of the Moonachie Board of Education’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Moonachie Board of Education’s assets, deferred outflows, liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing 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 the school buildings and other facilities.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

District-wide Statements (Continued)

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

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, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

Governmental funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund 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 a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund and Special Revenue Fund. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

Fund Financial Statements (Continued)

Proprietary Funds. The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Scholarship Fund, Payroll Agency Fund and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

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.

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE MOONACHIE BOARD OF EDUCATION AS A WHOLE

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

Net position. The District's combined net position for 2020 and 2019 were \$4,518,925 and \$3,860,954, respectively. (See Table A-1).

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. 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.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE MOONACHIE BOARD OF
EDUCATION AS A WHOLE (Continued)**

Table A-1
Statement of 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 and Other Assets	\$ 2,834,979	\$ 2,488,449	\$ 102,656	\$ 80,458	\$ 2,937,635	\$ 2,568,907
Capital Assets	<u>3,579,772</u>	<u>3,873,618</u>	<u>-</u>	<u>-</u>	<u>3,579,772</u>	<u>3,873,618</u>
Total Assets	<u>6,414,751</u>	<u>6,362,067</u>	<u>102,656</u>	<u>80,458</u>	<u>6,517,407</u>	<u>6,442,525</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	<u>615,972</u>	<u>317,676</u>	<u>-</u>	<u>-</u>	<u>615,972</u>	<u>317,676</u>
Total Assets and Deferred Outflows of Resources	<u>7,030,723</u>	<u>6,679,743</u>	<u>102,656</u>	<u>80,458</u>	<u>7,133,379</u>	<u>6,760,201</u>
Liabilities						
Long-Term Liabilities	1,533,629	1,296,972			1,533,629	1,296,972
Other Liabilities	<u>180,371</u>	<u>748,279</u>	<u>33,393</u>	<u>9,435</u>	<u>213,764</u>	<u>757,714</u>
Total Liabilities	<u>1,714,000</u>	<u>2,045,251</u>	<u>33,393</u>	<u>9,435</u>	<u>1,747,393</u>	<u>2,054,686</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>867,061</u>	<u>844,561</u>	<u>-</u>	<u>-</u>	<u>867,061</u>	<u>844,561</u>
Total Inflows and Deferred Inflows of Resources	<u>2,581,061</u>	<u>2,889,812</u>	<u>33,393</u>	<u>9,435</u>	<u>2,614,454</u>	<u>2,899,247</u>
Net Position:						
Net Investment in Capital Assets	3,515,681	3,788,469			3,515,681	3,788,469
Restricted	1,991,197	1,246,175			1,991,197	1,246,175
Unrestricted	<u>(1,057,216)</u>	<u>(1,244,713)</u>	<u>69,263</u>	<u>71,023</u>	<u>(987,953)</u>	<u>(1,173,690)</u>
Total Net Position	<u>\$ 4,449,662</u>	<u>\$ 3,789,931</u>	<u>\$ 69,263</u>	<u>\$ 71,023</u>	<u>\$ 4,518,925</u>	<u>\$ 3,860,954</u>

Governmental activities. Governmental activities increased the District's net position for 2020 by \$659,731 and in 2019 increased the District's net position by \$387,180. Key elements of this increase are as follows: (See Table A-2)

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE MOONACHIE BOARD OF
EDUCATION AS A WHOLE (Continued)**

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

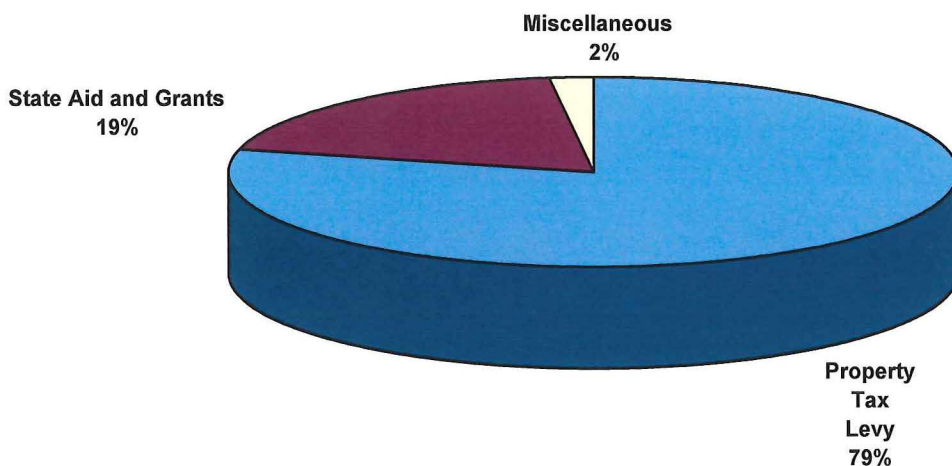
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues						
Charges for Services	\$ 73,278	\$ 51,694	\$ 32,497	\$ 40,544	\$ 105,775	\$ 92,238
Operating Grants and Contributions	2,287,480	2,327,203	117,541	115,509	2,405,021	2,442,712
General Revenues						
Property Taxes	8,646,025	8,325,950			8,646,025	8,325,950
Other	253,309	238,902	-	-	253,309	238,902
Total Revenues	<u>11,260,092</u>	<u>10,943,749</u>	<u>150,038</u>	<u>156,053</u>	<u>11,410,130</u>	<u>11,099,802</u>
Expenses						
Instruction						
Regular	4,449,403	4,402,885			4,449,403	4,402,885
Special Education	2,103,060	2,038,332			2,103,060	2,038,332
Other Instruction	228,271	257,328			228,271	257,328
School Sponsored Activities and Ath.	30,634	43,423			30,634	43,423
Support Services						
Student and Instruction Related Serv.	1,515,108	1,614,633			1,515,108	1,614,633
General Administrative Services	263,253	257,792			263,253	257,792
School Administrative Services	222,655	200,191			222,655	200,191
Plant Operations and Maintenance	809,373	780,862			809,373	780,862
Pupil Transportation	687,754	678,955			687,754	678,955
Central Services	226,027	216,274			226,027	216,274
Food Service			213,811	210,776	213,811	210,776
Interest on Long-Term Debt	2,810	3,578	-	-	2,810	3,578
Total Expenses	<u>10,538,348</u>	<u>10,494,253</u>	<u>213,811</u>	<u>210,776</u>	<u>10,752,159</u>	<u>10,705,029</u>
Increase (Decrease) in Net Position Before Transfers	721,744	449,496	(63,773)	(54,723)	657,971	394,773
Transfers	(62,013)	(62,316)	62,013	62,316	-	-
Change in Net Position	659,731	387,180	(1,760)	7,593	657,971	394,773
Net Position, Beginning of Year	3,789,931	3,402,751	71,023	63,430	3,860,954	3,466,181
Net Position, End of Year	<u>\$ 4,449,662</u>	<u>\$ 3,789,931</u>	<u>\$ 69,263</u>	<u>\$ 71,023</u>	<u>\$ 4,518,925</u>	<u>\$ 3,860,954</u>

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE MOONACHIE BOARD OF EDUCATION AS A WHOLE (Continued)

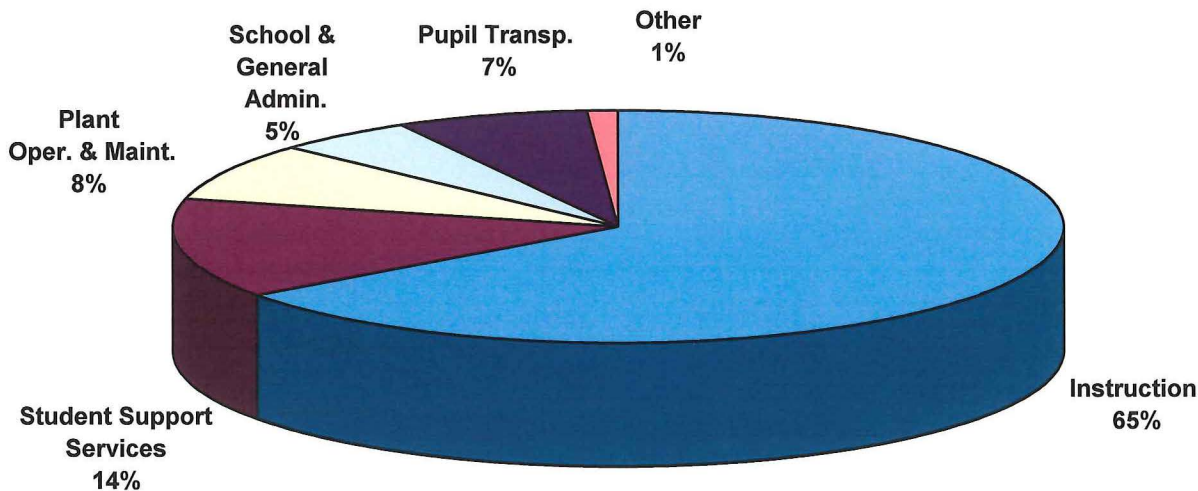
Governmental activities. The District’s total governmental revenues were \$11,260,092. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$8,899,334 or 79% of total revenues. Funding from state and federal sources, donations and tuition and amounted to \$2,360,758 or 21%.

Table A-3 Revenues by Source – Governmental Activities
For Fiscal Year 2020



The District’s governmental expenses are predominantly related to instruction and support services. Instruction totaled \$6,811,368 (65%), support services totaled \$3,724,170 (35%) and interest on long-term debt total \$2,810 (less than 1%).

Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2020



**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE MOONACHIE BOARD OF
EDUCATION AS A WHOLE (Continued)**

**Table A-5
Total and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2020 and 2019**

Functions/Programs	Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Governmental Activities				
Instruction				
Regular	\$ 4,449,403	\$ 4,402,885	\$ 3,586,396	\$ 3,489,857
Special Education	2,103,060	2,038,332	1,428,517	1,402,756
Other Instruction	228,271	257,328	119,350	124,549
School Sponsored Activities and Athletics	30,634	43,423	22,674	30,777
Support Services				
Student and Instruction Related Svcs.	1,515,108	1,614,633	1,205,809	1,317,502
General Administrative Services	263,253	257,792	230,713	223,058
School Administrative Services	222,655	200,191	190,010	160,603
Plant Operations and Maintenance	809,373	780,862	676,980	663,943
Pupil Transportation	687,754	678,955	529,955	528,449
Central Services	226,027	216,274	184,376	170,284
Interest on Long-Term Debt	<u>2,810</u>	<u>3,578</u>	<u>2,810</u>	<u>3,578</u>
Total Governmental Activities	<u>\$ 10,538,348</u>	<u>\$ 10,494,253</u>	<u>\$ 8,177,590</u>	<u>\$ 8,115,356</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2020 was \$213,811. These costs were funded by operating grants, charges for services and transfers from governmental activities (Detailed on Table A-2). The operations resulted in a decrease in net position of \$1,760 after transfers.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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 a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$2,654,608. In 2018-2019 the fund balance was \$1,740,170.

The District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$10,970,456 and expenditures were \$9,994,005.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2020 and 2019.

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 8,958,981	\$ 8,601,346	\$ 357,635	4.16%
State Sources	1,782,176	1,586,902	195,274	12.31%
Federal Sources	229,299	237,766	(8,467)	-3.56%
Total Revenues	\$ 10,970,456	\$ 10,426,014	\$ 544,442	5.22%

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

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 6,555,699	\$ 6,288,096	\$ 267,603	4.26%
Undistributed	3,412,238	3,469,456	(57,218)	-1.65%
Capital Outlay	2,200	49,424	(47,224)	100.00%
Debt Service				
Principal	21,058	20,290	768	3.79%
Interest	2,810	3,578	(768)	-21.46%
Total Expenditures	\$ 9,994,005	\$ 9,830,844	\$ 163,161	1.66%

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

General and Special Revenue Fund

Budgetary Highlights

The District's budget is prepared according to New Jersey law and is based on generally accepted accounting principles on the basis of cash receipts, disbursement and encumbrances. The primary funds are the General Fund and Special Revenue Fund (grants and restricted aid).

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent overexpenditures in specific line item accounts.

Capital Assets and Debt Administration. The Moonachie Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2020 and 2019 amounts to \$3,579,772 and \$3,873,618 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements, construction in progress and machinery and equipment.

**Table A-6
Capital Assets
(net of depreciation) as of June 30**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 381,056	\$ 381,056			\$ 381,056	\$ 381,056
Land Improvements	257,224	257,224			257,224	257,224
Buildings and Building Improvements	7,341,480	7,341,480			7,341,480	7,341,480
Machinery and Equipment	496,028	493,828	\$ 11,351	\$ 11,351	507,379	505,179
Total	8,475,788	8,473,588	11,351	11,351	8,487,139	8,484,939
Less: Accumulated Depreciation	4,896,016	4,599,970	11,351	11,351	4,907,367	4,611,321
Total	\$ 3,579,772	\$ 3,873,618	\$ -	\$ -	\$ 3,579,772	\$ 3,873,618

Additional information on Moonachie Board of Education's capital assets can be found in Note 3 of this report.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

Debt Administration. As of June 30, 2020 and 2019 the school district had long-term debt and outstanding long-term liabilities in the amount of \$1,533,629 and \$1,296,972 as stated in Table A-7.

**Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>2020</u>	<u>2019</u>
Capital Leases	\$ 64,091	\$ 85,149
Compensated Absences Payable	37,218	48,241
Net Pension Liability	<u>1,432,320</u>	<u>1,163,582</u>
 Total	 <u>\$ 1,533,629</u>	 <u>\$ 1,296,972</u>

Additional information on Moonachie Board of Education’s long-term debt can be found in Note 3.

FACTORS BEARING ON THE DISTRICT’S ECONOMIC FUTURE

The board and the administration have had discussions on how existing circumstances could affect the future financial health of the school district. The following examples may have an impact and affect the financial operation in the future:

1. The slow economic recovery in our state has generated concern in the educational community for public school funding.
2. Future challenges for the financial planning to address facility improvements and upgrades to the Robert L. Craig School to meet enrollment and curriculum demands.

SLOW ECONOMIC RECOVERY

Schools around the country were impacted by the worst recession in decades. The response was to impose such measures as larger class sizes, job cuts and textbook budgets, reduced school bus service, and fewer resources for state education departments. New Jersey did not have to implement such severe steps. However, Governor Christie did implement a number of changes in order to help communities address future budget deficit. The changes have had an effect on suburban public school districts recognized for providing innovative and cutting edge programs to their students to by placing a hold on expanding their academic offerings. The Moonachie Public School District, which is mostly residential, is concerned that if the state continues to cut aid to education, municipalities will experience even more dramatic increases in property taxes.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

FACTORS BEARING ON THE DISTRICT'S ECONOMIC FUTURE (Continued)

It is reasonable to say that many public school districts across the country are, or will be, facing fiscal difficulties and will need to raise additional revenue or limit expenditures. Prior to 2003, school districts in New Jersey were allowed to maintain a maximum unreserved general fund balance equal to 6% of the districts' total general fund expenditure. Adding to the financial stress was the passage of S1701. Adopted by the State of New Jersey on June 17, 2004, this law forced school districts to decrease their allowable undesignated general fund balance and to either give it back to the local taxpayers, or apply the excess surplus to fund the subsequent fiscal year budget.

Undesignated general fund balance can best be described as a "rainy-day" savings account. The funds would be available for any unplanned emergency, such as repairs to an aging boiler, or implementing the individual educational plan of a special needs student arriving in the district mid-year. This new legislation required districts to decrease their allowable surplus from six percent to three percent by the end of the 2003-04 school year. The following year districts had to cut even further. Beginning in 2004-05 school year districts could only maintain an undesignated general fund balance of two percent.

Proponents of education vigorously opposed S1701, not only because it made districts vulnerable in the event of costly emergencies, but also placed restrictions on adjusting a financial plan that was created 12 months prior to its implementation. Specifically, the law places limits on the district's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed, and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year severely impacts on the ability to maintain and improve facilities.

The Moonachie Public School District is aware of the signs of fiscal stress and has taken the necessary action to ensure fiscal stability. Some of the steps taken are as follows:

- ✓ carefully develop balanced budgets for revenues and expenditures for all fund groups.
- ✓ ensure expenditures are within the budgeted amounts.
- ✓ monitor the budgets on an ongoing basis and ensure that appropriations are not overspent.
- ✓ develop a long-term (five-year) fiscal plan and update it annually.

Finally, the discussion about the constant increases in local property taxes in the media has polarized many communities, and in the center of this discontent is the cost of education. The Trustees of the Moonachie Public School District are aware that future successful budgets will be reliant on continuing to maintain a positive relationship with the municipal government and the local taxpayers.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

FUTURE CHALLENGES FOR FINANCIAL PLANNING

Over the last several years, a number of building maintenance projects were set aside to address educational program requirements such as the hiring of staff, mandated changes to the curriculum, maintaining contractual entitlements and a number of other increasing fixed costs. A comprehensive maintenance plan (CMP), which is approved by the Board each year, identifies a number of priority facility projects and funding for these projects is included in the annual budget. However, an annual program of preventive maintenance cannot adequately address some of the desired infrastructure upgrades, which have been identified as being needed.

The Board began discussions on the need to hire an architect of record to prepare a survey of the many needed upgrades. Projects were selected on the basis of providing maximum safety to the students and staff. The following is a brief listing of the selected improvements:

- ✓ Signage – locations, type and size.
- ✓ Additional installation of surveillance cameras
- ✓ Replacement of eight, roof-top HVAC units.
- ✓ Technology upgrades.
- ✓ Purchase of computers
- ✓ 1 to 1 laptop program
- ✓ Roof repair
- ✓ Exterior façade repair
- ✓ Plumbing repair and upgrades
- ✓ Sewer system upgrades
- ✓ Stage floor replacement
- ✓ Bleacher replacement
- ✓ Exterior lighting upgrades
- ✓ Security improvements to exterior doorways

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, Robert L. Craig School, Moonachie, New Jersey 07074.

FINANCIAL STATEMENTS

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,668,156	\$ 97,026	\$ 2,765,182
Receivables, net			
Receivables from Other Governments	157,243	5,630	162,873
Other	9,580		9,580
Capital Assets			
Not Being Depreciated	381,056		381,056
Being Depreciated, Net	<u>3,198,716</u>	<u>-</u>	<u>3,198,716</u>
Total Assets	<u>6,414,751</u>	<u>102,656</u>	<u>6,517,407</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>615,972</u>	<u>-</u>	<u>615,972</u>
Total Assets and Deferred Outflows of Resources	<u>7,030,723</u>	<u>102,656</u>	<u>7,133,379</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	180,371	33,393	213,764
Noncurrent Liabilities			
Due Within One Year	36,195		36,195
Due Beyond One Year	<u>1,497,434</u>	<u>-</u>	<u>1,497,434</u>
Total Liabilities	<u>1,714,000</u>	<u>33,393</u>	<u>1,747,393</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>867,061</u>	<u>-</u>	<u>867,061</u>
Total Deferred Inflows of Resources	<u>867,061</u>	<u>-</u>	<u>867,061</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,581,061</u>	<u>33,393</u>	<u>2,614,454</u>
NET POSITION			
Net Investment in Capital Assets	3,515,681		3,515,681
Restricted for Capital Projects	1,674,000		1,674,000
Other Purposes	317,197		317,197
Unrestricted	<u>(1,057,216)</u>	<u>69,263</u>	<u>(987,953)</u>
Total Net Position	<u>\$ 4,449,662</u>	<u>\$ 69,263</u>	<u>\$ 4,518,925</u>

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

MOONACHIE 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 Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities						
Instruction						
Regular	\$ 4,449,403		\$ 863,007	\$ (3,586,396)		\$ (3,586,396)
Special Education	2,103,060	\$ 73,278	601,265	(1,428,517)		(1,428,517)
Other Instruction	228,271		108,921	(119,350)		(119,350)
School Sponsored Activities and Athletics	30,634		7,960	(22,674)		(22,674)
Support Services						
Student and Instruction Related Services	1,515,108		309,299	(1,205,809)		(1,205,809)
General Administrative Services	263,253		32,540	(230,713)		(230,713)
School Administrative Services	222,655		32,645	(190,010)		(190,010)
Plant Operations and Maintenance	809,373		132,393	(676,980)		(676,980)
Pupil Transportation	687,754		157,799	(529,955)		(529,955)
Central Services	226,027		41,651	(184,376)		(184,376)
Interest on Debt	2,810	-	-	(2,810)	-	(2,810)
Total Governmental Activities	<u>10,538,348</u>	<u>73,278</u>	<u>2,287,480</u>	<u>(8,177,590)</u>	<u>-</u>	<u>(8,177,590)</u>
Business-Type Activities						
Food Service	213,811	32,497	117,541	-	\$ (63,773)	(63,773)
Total Business-Type Activities	<u>213,811</u>	<u>32,497</u>	<u>117,541</u>	<u>-</u>	<u>(63,773)</u>	<u>(63,773)</u>
Total Primary Government	<u>\$ 10,752,159</u>	<u>\$ 105,775</u>	<u>\$ 2,405,021</u>	<u>(8,177,590)</u>	<u>(63,773)</u>	<u>(8,241,363)</u>
General Revenues						
Property Taxes				8,646,025		8,646,025
Miscellaneous Income				236,606		236,606
Unrestricted State Aid				16,703		16,703
Transfers				(62,013)	62,013	-
Total General Revenues and Transfers				<u>8,837,321</u>	<u>62,013</u>	<u>8,899,334</u>
Change in Net Position				659,731	(1,760)	657,971
Net Position, Beginning of Year				3,789,931	71,023	3,860,954
Net Position, End of Year				<u>\$ 4,449,662</u>	<u>\$ 69,263</u>	<u>\$ 4,518,925</u>

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

FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 2,668,156		\$ 2,668,156
Receivables From Other Governments	72,517	\$ 84,726	157,243
Other Receivables	9,255	325	9,580
Due from Other Funds	<u>87,049</u>	<u>-</u>	<u>87,049</u>
Total Assets	<u>\$ 2,836,977</u>	<u>\$ 85,051</u>	<u>\$ 2,922,028</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 151,963	\$ 22,081	\$ 174,044
Due to Other Funds		87,049	87,049
Unearned Revenue	<u>-</u>	<u>6,327</u>	<u>6,327</u>
Total Liabilities	<u>151,963</u>	<u>115,457</u>	<u>267,420</u>
Fund Balances			
Restricted Fund Balance:			
Excess Surplus	98,874		98,874
Excess Surplus-Designated for Subsequent Year			
Expenditures	302,657		302,657
Capital Reserve	1,374,000		1,374,000
Capital Reserve - Designated for Subsequent			
Year Expenditures	300,000		300,000
Maintenance Reserve	197,197		197,197
Maintenance Reserve - Designated for Subsequent			
Year Expenditures	120,000		120,000
Assigned Fund Balance:			
Year-end Encumbrances	83,301		83,301
Unassigned Fund Balance (Deficit)			
General Fund	208,985		208,985
Special Revenue Fund	<u>-</u>	<u>(30,406)</u>	<u>(30,406)</u>
Total Fund Balances (Deficit)	<u>2,685,014</u>	<u>(30,406)</u>	<u>2,654,608</u>
Total Liabilities and Fund Balances	<u>\$ 2,836,977</u>	<u>\$ 85,051</u>	<u>\$ 2,922,028</u>

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

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

Total Fund Balances (Exhibit B-1) \$ 2,654,608

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,475,788 and the accumulated depreciation is \$4,896,016.

3,579,772

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

Deferred Outflows of Resources	\$ 615,972	
Deferred Inflows of Resources	<u>(867,061)</u>	

(251,089)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds

Compensated Absences	(37,218)	
Leases Payable	(64,091)	
Net Pension Liability	<u>(1,432,320)</u>	

(1,533,629)

Net Position of Governmental Activities (Exhibit A-1) **\$ 4,449,662**

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

MOONACHIE 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>Total Governmental Funds</u>
REVENUES			
Local Sources			
Local Tax Levy	\$ 8,646,025		\$ 8,646,025
Tuition	73,278		73,278
Miscellaneous	<u>236,606</u>	<u>\$ 3,072</u>	<u>239,678</u>
Total - Local Sources	<u>8,955,909</u>	<u>3,072</u>	<u>8,958,981</u>
State Sources	1,424,249	357,927	1,782,176
Federal Sources	<u>-</u>	<u>229,299</u>	<u>229,299</u>
Total Revenues	<u>10,380,158</u>	<u>590,298</u>	<u>10,970,456</u>
EXPENDITURES			
Current			
Regular Instruction	4,015,417	243,163	4,258,580
Special Education Instruction	1,962,176	90,213	2,052,389
Other Instruction	149,134	67,235	216,369
School Sponsored Activities and Athletics	28,361		28,361
Support Services and Undistributed Costs			
Student and Instruction Related Services	1,293,812	207,963	1,501,775
General Administrative Services	263,912		263,912
School Administrative Services	189,321		189,321
Plant Operations and Maintenance	523,109	19,052	542,161
Pupil Transportation	637,881	50,000	687,881
Central Services	227,188		227,188
Debt Service			
Principal	21,058		21,058
Interest and Other Charges	2,810		2,810
Capital Outlay	<u>2,200</u>	<u>-</u>	<u>2,200</u>
Total Expenditures	<u>9,316,379</u>	<u>677,626</u>	<u>9,994,005</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,063,779</u>	<u>(87,328)</u>	<u>976,451</u>
OTHER FINANCING SOURCES (USES)			
Transfers In		86,803	86,803
Transfers Out	<u>(148,816)</u>	<u>-</u>	<u>(148,816)</u>
Total Other Financing Sources and Uses	<u>(148,816)</u>	<u>86,803</u>	<u>(62,013)</u>
Net Change in Fund Balances	914,963	(525)	914,438
Fund Balance, Beginning of Year	<u>1,770,051</u>	<u>(29,881)</u>	<u>1,740,170</u>
Fund Balance, (Deficit) End of Year	<u>\$ 2,685,014</u>	<u>\$ (30,406)</u>	<u>\$ 2,654,608</u>

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

**MOONACHIE 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) \$ 914,438

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 and allocated over their estimated useful lives as annual depreciation expense.

Capital Outlay	\$ 2,200	
Depreciation Expense	<u>(296,046)</u>	
		(293,846)

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

Compensated Absences		11,023
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In the statement of activities, certain operating expenses - pension expenses are measured by the liability accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Pension Expense		7,058
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The issuance of long-term debt provides current financial resources to governmental funds, while repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Capital Lease Principal Payments		<u>21,058</u>
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Change in net position of governmental activities (Exhibit A-2) \$ 659,731

**MOONACHIE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2020**

		Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS		
Current Assets		
Cash	\$	97,026
Intergovernmental Receivable		
Federal		5,568
State		<u>62</u>
Total Current Assets		<u>102,656</u>
Noncurrent Assets		
Equipment		11,351
Less: Accumulated Depreciation		<u>(11,351)</u>
Total Noncurrent Assets		<u>-</u>
Total Assets		<u>102,656</u>
LIABILITIES		
Accounts Payable		<u>33,393</u>
Total Liabilities		<u>33,393</u>
NET POSITION		
Unrestricted		<u>69,263</u>
Total Net Position	\$	<u><u>69,263</u></u>

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

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ <u>32,497</u>
Total Operating Revenues	<u>32,497</u>
OPERATING EXPENSES	
Cost of Sales - Reimbursable	149,731
Salaries and Wages	62,013
Miscellaneous	<u>2,067</u>
Total Operating Expenses	<u>213,811</u>
Operating Loss	<u>(181,314)</u>
NONOPERATING REVENUES	
Federal Sources	
National School Breakfast Program	19,608
National School Lunch Program	94,624
Seamless Summer Option	1,631
State Sources	
School Lunch Program	<u>1,678</u>
Total Nonoperating Revenues	<u>117,541</u>
Net Loss Before Transfers	(63,773)
Transfer	
Transfers In	<u>62,013</u>
Change in Net Position	(1,760)
Net Position, Beginning of Year	<u>71,023</u>
Net Position, End of Year	<u>\$ 69,263</u>

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

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

	Business-Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 62,751
Cash Payments for Employee Salaries and Wages	(62,013)
Cash Payments to Suppliers for Goods and Services	<u>(127,840)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(127,102)</u>
Cash Flows from Noncapital Financing Activities	
Board Subsidy Payment from General Fund	62,013
Cash Received from State and Federal Subsidy Reimbursements	<u>117,541</u>
Net Cash Provided by Noncapital Financing Activities	<u>179,554</u>
Net Increase in Cash and Cash Equivalents	52,452
Cash and Cash Equivalents, Beginning of Year	<u>44,574</u>
Cash and Cash Equivalents, End of Year	<u>\$ 97,026</u>
Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities	
Operating Income (Loss)	\$ <u>(181,314)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	23,958
(Increase)/Decrease in Other Accounts Receivable	3,059
(Increase)/Decrease in Due from Other Funds	<u>27,195</u>
Total Adjustments	<u>54,212</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (127,102)</u>

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

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

	Edward Terragni Memorial <u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>981</u>	\$ <u>178,612</u>
Total Assets	\$ <u>981</u>	\$ <u>178,612</u>
LIABILITIES		
Due to Student Groups		\$ 19,661
Payroll Deductions and Withholdings		24,366
Summer Savings Plan		131,192
Flex Spending Benefit	<u>-</u>	<u>3,393</u>
Total Liabilities	<u>-</u>	\$ <u>178,612</u>
NET POSITION		
Held in Trust for Edward Terragni Memorial Scholarship Fund	<u>\$ 981</u>	

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

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

	Edward Terragni Memorial <u>Scholarship Fund</u>
DEDUCTIONS	
Participant Awards	\$ <u>100</u>
Total Deductions	<u>100</u>
Change in Net Position	(100)
Net Position, Beginning of Year	<u>1,081</u>
Net Position, End of Year	<u>\$ 981</u>

NOTES TO THE FINANCIAL STATEMENTS

**MOONACHIE 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 Moonachie 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 five elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade eight (8) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent is the Chief Administrative Officer of the District who is responsible for 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 Moonachie Board of Education this includes general operations, food service, and student related activities of the District.

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

B. New Accounting Standards

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

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

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

**MOONACHIE 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. 2020-3 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 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 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.

**MOONACHIE 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. 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.

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.

**MOONACHIE 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)

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

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

Additionally, the government 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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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 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.

3. *Capital Assets*

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Capital Assets (Continued)

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>
Land Improvements	20
Buildings	40
Building Improvements	20
Machinery and Equipment	10

4. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item which arises only under the accrual basis of accounting. The item that qualifies for reporting in this category is the deferred amount 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.

5. Compensated Absences

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

**MOONACHIE 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)

6. Pensions

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

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

7. Long-Term Obligations

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

8. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

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

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

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

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

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 2).

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Fund Balance Policies*

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. 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, 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.

**MOONACHIE 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)

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.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. 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 and special revenue 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. On January 24, 2012, 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 \$174,233. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Regular Programs – Home Instruction			
Salaries of Teachers	\$3,914	\$4,761	\$847
Instruction			
Tuition to County Vocational – Special	99,792	117,188	17,396

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$30,406 in the Special Revenue Fund as of June 30, 2020 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”, requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2019/2020 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the Special Revenue Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) special revenue fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$30,406 in the Special Revenue Fund is equal to the delayed state aid payments at June 30, 2020.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. 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		\$ 928,978
Increased by:		
Return of Unencumbered Appropriations		
Funded by Reserve	\$ 130,000	
Deposits Approved by Board Resolution	<u>745,022</u>	
		<u>875,022</u>
Decreased by:		
Withdrawal Approved in District Budget		<u>130,000</u>
Balance, June 30, 2020		<u>\$ 1,674,000</u>

\$300,000 of the capital reserve balance at June 30, 2020 was designated and appropriated for use in the 2020/2021 original budget certified for taxes.

E. 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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Maintenance Reserve (Continued)

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

Balance, July 1, 2019	\$ 317,197
Increased by	
Deposits Approved by Board Resolution	<u>195,772</u>
	512,969
Decreased	
Withdrawal Approved in District Budget	<u>195,772</u>
Balance, June 30, 2020	<u>\$ 317,197</u>

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$317,197. \$120,000 of the maintenance reserve balance at June 30, 2020 was designated and appropriated for use in the 2020/2021 original budget certified for taxes.

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$401,531. Of this amount, \$302,657 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$98,874 will be appropriated in the 2021/2022 original budget certified for taxes.

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.

**MOONACHIE 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)

Cash Deposits (Continued)

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 \$2,944,775 and bank and brokerage firm balances of the Board's deposits amounted to \$3,111,934. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>3,111,934</u>

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.

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.

B. Receivables

Receivables as of June 30, 2020 for the district's individual major funds in the aggregate are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 9,255	\$ 325		\$ 9,580
Intergovernmental				
Federal		84,726	\$ 5,568	90,294
State	<u>72,517</u>	<u>-</u>	<u>62</u>	<u>72,579</u>
Net Total Receivables	<u>\$ 81,772</u>	<u>\$ 85,051</u>	<u>\$ 5,630</u>	<u>\$ 172,453</u>

**MOONACHIE 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	\$ <u>6,327</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>6,327</u>

D. Capital Assets

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

	<u>Balance, July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2020</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 381,056	-	-	\$ 381,056
Total capital assets, not being depreciated	<u>381,056</u>	<u>-</u>	<u>-</u>	<u>381,056</u>
Capital assets, being depreciated:				
Land Improvements	257,224			257,224
Buildings and Building Improvements	7,320,480			7,320,480
Machinery and Equipment	514,828	\$ 2,200	-	517,028
Total capital assets being depreciated	<u>8,092,532</u>	<u>2,200</u>	<u>-</u>	<u>8,094,732</u>
Less accumulated depreciation for:				
Land Improvements	(198,381)	(10,152)		(208,533)
Buildings and Building Improvements	(4,038,450)	(256,856)		(4,295,306)
Machinery and Equipment	(363,139)	(29,038)	-	(392,177)
Total accumulated depreciation	<u>(4,599,970)</u>	<u>(296,046)</u>	<u>-</u>	<u>(4,896,016)</u>
Total capital assets, being depreciated, net	<u>3,492,562</u>	<u>(293,846)</u>	<u>-</u>	<u>3,198,716</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,873,618</u>	<u>\$ (293,846)</u>	<u>\$ -</u>	<u>\$ 3,579,772</u>

**MOONACHIE 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>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2020</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 11,351	-	-	\$ 11,351
Total capital assets being depreciated	<u>11,351</u>	<u>-</u>	<u>-</u>	<u>11,351</u>
Less accumulated depreciation for:				
Machinery and Equipment	(11,351)	-	-	(11,351)
Total accumulated depreciation	<u>(11,351)</u>	<u>-</u>	<u>-</u>	<u>(11,351)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 843
Total Instruction	<u>843</u>
Support Services	
Student and Instruction Related Services	2,505
School Administrative Services	24,678
Plant Operations and Maintenance	<u>268,020</u>
Total Support Services	<u>295,203</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 296,046</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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	\$ 87,049

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>Special Revenue Fund</u>	<u>Enterprise Food Service Fund</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ 86,803	\$ 62,013	\$ 148,816

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

F. Leases

Capital Leases

The District is leasing copiers totaling \$108,748 under capital leases. The leases are for terms of 5 years.

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</u>
2021	\$ 23,868
2022	23,868
2023	<u>19,890</u>
Total minimum lease payments	67,626
Less: amount representing interest	<u>3,535</u>
Present value of minimum lease payments	<u>\$ 64,091</u>

**MOONACHIE 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 or other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

As of June 30, 2020, the District has no outstanding bond debt.

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 24,933,158
Less: Net Debt	<u> -</u>
Remaining Borrowing Power	<u>\$ 24,933,158</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Balance <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2020</u>	Due Within <u>One Year</u>
Governmental Activities:					
Capital Leases	\$ 85,149		\$ 21,058	\$ 64,091	\$ 21,855
Compensated Absences	48,241		11,023	37,218	14,340
Net Pension Liability	<u>1,163,582</u>	<u>\$ 268,738</u>	<u>-</u>	<u>1,432,320</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 1,296,972</u>	<u>\$ 268,738</u>	<u>\$ 32,081</u>	<u>\$ 1,533,629</u>	<u>\$ 36,195</u>

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

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

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

The School Alliance Insurance Group 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.

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.

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

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

The following represents the membership tiers for PERS:

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

The following represent the membership tiers for TPAF:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the 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.

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

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

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.

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.

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

NOTE 4 OTHER INFORMATION (Continued)

C. 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 77,659	\$ 484,321	\$ 3,035
2019	60,569	429,317	2,551
2018	75,314	328,630	19,796

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

NOTE 4 OTHER INFORMATION (Continued)

C. 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 \$335, \$55 and \$367, respectively for PERS and the State contributed \$664, \$828 and \$900, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$190,167 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 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 \$1,432,320 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 .00794 percent, which was an increase of .00204 percent from its proportionate share measured as of June 30, 2018 of .00590 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

C. 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 \$70,263 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	\$ 25,708	\$ 6,327
Changes of Assumptions	143,022	497,154
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		22,610
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>447,242</u>	<u>340,970</u>
Total	<u>\$ 615,972</u>	<u>\$ 867,061</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	\$ (30,413)
2022	(100,602)
2023	(102,195)
2024	(28,371)
2025	<u>10,492</u>
	<u>\$ (251,089)</u>

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

NOTE 4 OTHER INFORMATION (Continued)

C. 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.

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

NOTE 4 OTHER INFORMATION (Continued)

C. 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%

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

NOTE 4 OTHER INFORMATION (Continued)

C. 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>1,809,253</u>	\$ <u>1,432,320</u>	\$ <u>1,114,701</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.

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

NOTE 4 OTHER INFORMATION (Continued)

C. 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 \$773,957 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 \$13,121,771. 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 .02138 percent, which was a decrease of .00040 percent from its proportionate share measured as of June 30, 2018 of .02178 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

C. 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.

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

NOTE 4 OTHER INFORMATION (Continued)

C. 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%

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

NOTE 4 OTHER INFORMATION (Continued)

C. 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:

Fiscal Year	Measurement Date	Discount Rate
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:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 15,473,472</u>	<u>\$ 13,121,771</u>	<u>\$ 11,170,602</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.

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

NOTE 4 OTHER INFORMATION (Continued)

C. 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.

D. 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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. 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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. 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 \$179,674, \$194,738 and \$212,255, 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 \$42,175. 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 \$8,694,600. 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 .02084 percent, which was a decrease of .00032 percent from its proportionate share measured as of June 30, 2018 of .02116 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

D. 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%.

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

NOTE 4 OTHER INFORMATION (Continued)

D. 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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. 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 (State Share 100%)
Balance, June 30, 2018 Measurement Date	\$ <u>9,759,139</u>
Changes Recognized for the Fiscal Year:	
Service Cost	321,318
Interest on the Total OPEB Liability	385,150
Differences Between Expected and Actual Experience	(1,641,658)
Changes of Assumptions	129,637
Gross Benefit Payments	(266,898)
Contributions from the Member	7,912
Net Changes	<u>\$ (1,064,539)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>8,694,600</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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. 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>10,271,758</u>	\$ <u>8,694,600</u>	\$ <u>7,441,792</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>7,163,963</u>	\$ <u>8,694,600</u>	\$ <u>10,720,849</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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. 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 Moonachie 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 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 its facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**MOONACHIE 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					
Local Tax Levy	\$ 8,646,025		\$ 8,646,025	\$ 8,646,025	
Tuition	30,064		30,064	73,278	\$ 43,214
Miscellaneous	204,902	-	204,902	236,606	31,704
Total Local Sources	8,880,991	-	8,880,991	8,955,909	74,918
State Sources					
Special Education Aid	247,278		247,278	247,278	-
Transportation Aid	107,072		107,072	107,072	-
Security Aid	112,578		112,578	112,578	-
Adjustment Aid	16,590		16,590	16,590	-
Extraordinary Aid				69,196	69,196
On-behalf TPAF Pension Payments					
Pension Contribution (Non-Budget)				475,793	475,793
NCGI Premium (Non-Budget)				8,528	8,528
On-behalf TPAF Pension Payments					
Post Retirement Medical Contribution (Non-Budget)				179,674	179,674
On-behalf TPAF Pension Payments					
Long Term Disability Insurance				664	664
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	190,167	190,167
Total State Sources	483,518	-	483,518	1,407,540	924,022
Total Revenues	9,364,509	-	9,364,509	10,363,449	998,940
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool		\$ 6,140	6,140	6,140	-
Kindergarten	233,605	(2,870)	230,735	226,267	4,468
Grades 1-5	852,425	21,205	873,630	873,492	138
Grades 6-8	528,825	5,749	534,574	528,277	6,297
Regular Program - Home Instruction					
Salaries of Teachers	20,000	(16,086)	3,914	4,761	(847)
Regular Programs - Undistributed Instruction					
Other Purchased Services	8,000	23,868	31,868	28,507	3,361
General Supplies	97,000	(25,593)	71,407	56,035	15,372
Textbooks	16,000	-	16,000	4,884	11,116
Other Objects	18,000	-	18,000	14,754	3,246
Total Regular Programs	1,773,855	12,413	1,786,268	1,743,117	43,151
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	78,300	-	78,300	77,740	560
Other Salaries for Instruction	12,000	67	12,067	12,067	-
General Supplies	2,000	(67)	1,933	1,638	295
Total Learning and/or Language Disabilities	92,300	-	92,300	91,445	855

**MOONACHIE 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>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 151,200	\$ 3,210	\$ 154,410	\$ 151,418	\$ 2,992
Other Salaries for Instruction	73,100	(11,913)	61,187	49,699	11,488
General Supplies	300	-	300	294	6
Total Multiple Disabilities	224,600	(8,703)	215,897	201,411	14,486
Resource Room					
Salaries of Teachers	178,835	5,908	184,743	183,743	1,000
Other Salaries for Instruction	38,500	775	39,275	36,232	3,043
General Supplies	600	273	873	860	13
Total Resource Room	217,935	6,956	224,891	220,835	4,056
Preschool Disabilities-Full Time					
Salaries of Teachers	2,000	-	2,000	1,485	515
Other Salaries for Instruction	21,200	(21,166)	34	-	34
General Supplies	500	-	500	181	319
Total Preschool Disabilities-Full Time	23,700	(21,166)	2,534	1,666	868
Total Special Education	558,535	(22,913)	535,622	515,357	20,265
Basic Skills/Remedial					
Salaries of Teachers	83,740	-	83,740	76,192	7,548
General Supplies	1,000	-	1,000	301	699
Total Bilingual Education	84,740	-	84,740	76,493	8,247
Bilingual Education					
Salaries of Teachers	19,700	358	20,058	20,058	-
General Supplies	300	-	300	300	-
Total Bilingual Education	20,000	358	20,358	20,358	-
School Sponsored Co/Extra Curricular Activities					
Salaries	30,000	-	30,000	18,378	11,622
Other Objects	9,000	-	9,000	-	9,000
Total School Sponsored Co/Extra Curricular Act.	39,000	-	39,000	18,378	20,622
Total Instruction	2,476,130	(10,142)	2,465,988	2,373,703	92,285

**MOONACHIE 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
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State- Regular	\$ 1,207,706	\$ 33,615	\$ 1,241,321	\$ 1,195,605	\$ 45,716
Tuition to Other LEAs Within State- Special	710,000	(84,980)	625,020	535,287	89,733
Tuition to County Vocational- Regular	85,374	28,626	114,000	113,832	168
Tuition to County Vocational- Special	99,792	-	99,792	117,188	(17,396)
Tuition to CSSD & Reg. Day Schools	280,000	(116,746)	163,254	121,570	41,684
Tuition to APSSD Within the State	250,000	161,120	411,120	408,253	2,867
Tuition - Other	67,230	(33,615)	33,615	-	33,615
	<u>2,700,102</u>	<u>(11,980)</u>	<u>2,688,122</u>	<u>2,491,735</u>	<u>196,387</u>
Total Undistributed Expenditures - Instruction					
	<u>2,700,102</u>	<u>(11,980)</u>	<u>2,688,122</u>	<u>2,491,735</u>	<u>196,387</u>
Attendance and Social Work Services					
Salaries	13,450	-	13,450	13,442	8
Other Purchased Services	620	-	620	620	-
	<u>14,070</u>	<u>-</u>	<u>14,070</u>	<u>14,062</u>	<u>8</u>
Total Attendance and Social Work Services					
	<u>14,070</u>	<u>-</u>	<u>14,070</u>	<u>14,062</u>	<u>8</u>
Health Services					
Salaries	104,800	1,300	106,100	102,559	3,541
Other Purchased Services	250	-	250	220	30
Supplies and Materials	5,000	200	5,200	4,513	687
	<u>110,050</u>	<u>1,500</u>	<u>111,550</u>	<u>107,292</u>	<u>4,258</u>
Total Health Services					
	<u>110,050</u>	<u>1,500</u>	<u>111,550</u>	<u>107,292</u>	<u>4,258</u>
Speech, OT, PT & Related Svcs.					
Purchased Professional - Educational Services	515,000	-	515,000	404,214	110,786
Supplies and Materials	500	-	500	-	500
	<u>515,500</u>	<u>-</u>	<u>515,500</u>	<u>404,214</u>	<u>111,286</u>
Total Speech, OT, PT & Related Svcs.					
	<u>515,500</u>	<u>-</u>	<u>515,500</u>	<u>404,214</u>	<u>111,286</u>
Child Study Teams					
Salaries of Secretarial and Clerical Assistants	23,300	-	23,300	23,282	18
Purchased Professional-Educational Svcs.	265,000	(25,623)	239,377	230,244	9,133
Supplies and Materials	1,500	50	1,550	1,509	41
	<u>289,800</u>	<u>(25,573)</u>	<u>264,227</u>	<u>255,035</u>	<u>9,192</u>
Total Child Study Team					
	<u>289,800</u>	<u>(25,573)</u>	<u>264,227</u>	<u>255,035</u>	<u>9,192</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	102,100	2,900	105,000	105,000	-
Salaries of Secretarial and Clerical Assistants	21,200	-	21,200	21,096	104
Other Purchased Services	500	-	500	34	466
Supplies and Materials	1,000	-	1,000	523	477
Other Objects	1,000	-	1,000	994	6
	<u>125,800</u>	<u>2,900</u>	<u>128,700</u>	<u>127,647</u>	<u>1,053</u>
Total Improvement of Instructional Services					
	<u>125,800</u>	<u>2,900</u>	<u>128,700</u>	<u>127,647</u>	<u>1,053</u>

**MOONACHIE 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
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 25,000	\$ 2,300	\$ 27,300	\$ 18,292	\$ 9,008
Salaries of Technology Coordinators	40,000	(25,800)	14,200	6,667	7,533
Purchased Professional and Technical Services	150,000	-	150,000	142,070	7,930
Supplies and Materials	37,800	(990)	36,810	3,576	33,234
Other Objects	900	-	900	880	20
Total Educational Media Serv./School Library	253,700	(24,490)	229,210	171,485	57,725
Instructional Staff Training Services					
Salaries of Other Professional Staff	30,300	9,500	39,800	39,560	240
Other Purchased Services	6,000	-	6,000	1,568	4,432
Total Instructional Staff Training Services	36,300	9,500	45,800	41,128	4,672
Support Services General Administration					
Salaries	105,175	-	105,175	105,157	18
Legal Services	20,000	3,280	23,280	23,280	-
Audit Fees	30,000	27,000	57,000	29,739	27,261
Other Purchased Professional Services	2,500	45	2,545	2,545	-
Purchased Technical Services	13,000	(1,331)	11,669	9,506	2,163
Communications/Telephone	16,000	(3,445)	12,555	12,154	401
General Supplies	1,000	-	1,000	665	335
BOE Other Purchased Services	5,000	-	5,000	4,146	854
Miscellaneous Purchased Services	12,650	(45)	12,605	6,667	5,938
Miscellaneous Expenditures	8,000	-	8,000	7,311	689
BOE Membership Dues and Fees	4,500	-	4,500	4,375	125
Total Support Services General Administration	217,825	25,504	243,329	205,545	37,784
Support Services School Administration					
Salaries of Principal/Asst. Principals	75,375	-	75,375	75,375	-
Salaries of Secretarial and Clerical Assistants	45,100	6,996	52,096	51,985	111
Supplies and Materials	1,000	-	1,000	106	894
Other Objects	1,000	-	1,000	-	1,000
Total Support Services School Administration	122,475	6,996	129,471	127,466	2,005
Central Services					
Salaries	126,850	7,749	134,599	134,598	1
Purchased Technical Services	35,040	(7,749)	27,291	13,501	13,790
Miscellaneous Purchased Services	2,000	-	2,000	751	1,249
Supplies and Materials	6,500	-	6,500	3,983	2,517
Miscellaneous Expenditures	1,250	-	1,250	1,240	10
Total Central Services	171,640	-	171,640	154,073	17,567

**MOONACHIE 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
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 154,500	-	\$ 154,500	\$ 147,681	\$ 6,819
Cleaning, Repair and Maint. Svc.	147,782	\$ (2,935)	144,847	52,432	92,415
General Supplies	5,000	-	5,000	-	5,000
	<u>307,282</u>	<u>(2,935)</u>	<u>304,347</u>	<u>200,113</u>	<u>104,234</u>
Total Required Maintenance for School Facilities					
Custodial Services					
Salaries	76,500	4,040	80,540	43,929	36,611
Salaries of Non-Instructional Aides	26,600	(40)	26,560	-	26,560
Purchased Prof. and Technical Serv.	6,000	-	6,000	2,250	3,750
Cleaning, Repair and Maint. Serv.	17,000	-	17,000	6,218	10,782
Other Purchased Property Services	6,300	600	6,900	5,616	1,284
Insurance	68,500	(600)	67,900	62,036	5,864
General Supplies	27,000	-	27,000	18,038	8,962
Energy (Natural Gas)	33,000	-	33,000	19,562	13,438
Energy (Electricity)	93,000	-	93,000	87,218	5,782
Other Objects	1,700	-	1,700	1,051	649
	<u>355,600</u>	<u>4,000</u>	<u>359,600</u>	<u>245,918</u>	<u>113,682</u>
Total Custodial Services					
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	20,350	238	20,588	14,748	5,840
Contracted Serv.(Bet. Home & Sch) - Vendors	91,000	(25,000)	66,000	65,317	683
Contracted Serv.(Other Than Bet. Home & Sch) - Vendors	5,000	(2,526)	2,474	1,450	1,024
Contracted Serv.(Reg. Students) - ESCs & CTSA's	150,000	76,273	226,273	198,643	27,630
Contracted Services (Spl. Ed. Students) - ESCs & CTSA's	445,000	(63,950)	381,050	333,263	47,787
Contracted Serv.-Aid in Lieu of Payments - Non-Public Schools	24,000	-	24,000	18,527	5,473
	<u>735,350</u>	<u>(14,965)</u>	<u>720,385</u>	<u>631,948</u>	<u>88,437</u>
Total Student Transportation Services					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	75,000	-	75,000	67,521	7,479
Other Retirement Contributions-PERS	80,000	-	80,000	77,659	2,341
Other Retirement Contributions-Regular	3,000	36	3,036	3,035	1
Unemployment Insurance	1,000	-	1,000	-	1,000
Workmen's Compensation	28,000	-	28,000	25,571	2,429
Health Benefits	886,867	(32,085)	854,782	683,755	171,027
Tuition Reimbursement	34,500	-	34,500	7,105	27,395
Other Employee Benefits	33,000	-	33,000	30,118	2,882
Unused Sick Payment to Terminated/Retired Staff	2,400	-	2,400	-	2,400
	<u>1,143,767</u>	<u>(32,049)</u>	<u>1,111,718</u>	<u>894,764</u>	<u>216,954</u>
Total Unallocated Benefits - Employee Benefits					

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

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
On-behalf TPAF Pension Payments					
Pension Contribution (Non-Budget)				\$ 475,793	\$ (475,793)
NCGI Premium (Non-Budget)				8,528	(8,528)
On-behalf TPAF Pension Payments					
Post Retirement Medical Contribution (Non-Budget)				179,674	(179,674)
On-behalf TPAF Pension Payments					
Long Term Disability Insurance				664	(664)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	190,167	(190,167)
Total On-behalf TPAF Pension Payments	-	-	-	854,826	(854,826)
Total Undistributed Expenditures	\$ 7,099,261	\$ (61,592)	\$ 7,037,669	6,927,251	110,418
Interest Earned on Maintenance Reserve	-	-	-	-	-
Total Current Expenditures	9,575,391	(71,734)	9,503,657	9,300,954	202,703
CAPITAL OUTLAY					
Undistributed Expenditures					
Educational Media Services/School Library	2,200	-	2,200	2,200	-
Required Maintenance for School Facilities	130,000	-	130,000	-	130,000
Total Equipment	132,200	-	132,200	2,200	130,000
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	1,245	-	1,245	1,245	-
Total Facilities Acquis. and Const. Services	1,245	-	1,245	1,245	-
Interest Deposit to Capital Reserve	-	-	-	-	-
Total Capital Outlay Expenditures	133,445	-	133,445	3,445	130,000
Transfer Funds to Charter Schools	-	11,980	11,980	11,980	-
Total Expenditures	9,708,836	(59,754)	9,649,082	9,316,379	332,703
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(344,327)	59,754	(284,573)	1,047,070	1,331,643
Other Financing Sources (Uses)					
Transfers Out to Food Service Fund	(49,450)	(3,000)	(52,450)	(62,013)	(9,563)
Transfers Out to Special Revenue Fund	-	(86,803)	(86,803)	(86,803)	-
Total Other Financing Sources/(Uses)	(49,450)	(89,803)	(139,253)	(148,816)	(9,563)
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(393,777)	(30,049)	(423,826)	898,254	1,322,080
Fund Balance, Beginning of Year	1,896,971	-	1,896,971	1,896,971	-
Fund Balance, End of Year	\$ 1,503,194	\$ (30,049)	\$ 1,473,145	\$ 2,795,225	\$ 1,322,080

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

Recapitulation of Fund Balance

Restricted Fund Balance:	
Reserved Excess Surplus	\$ 98,874
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	302,657
Capital Reserve	1,374,000
Capital Reserve - Designated for Subsequent Year's Expenditures	300,000
Maintenance Reserve	197,197
Maintenance Reserve - Designated for Subsequent Year's Expenditures	120,000
Assigned Fund Balance:	
Year-end Encumbrances	83,301
Unassigned Fund Balance	<u>319,196</u>
Reconciliation to Governmental Funds Statements (GAAP):	2,795,225
Less: Final State Aid and Extraordinary Aid Payments Not Recognized on GAAP Basis	<u>(110,211)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 2,685,014</u>

**MOONACHIE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Modified Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 358,452		\$ 358,452	\$ 358,452	-
Federal	248,621	\$ 50,382	299,003	229,899	\$ 69,104
Local Sources	-	6,999	6,999	3,072	3,927
Total Revenues	<u>607,073</u>	<u>57,381</u>	<u>664,454</u>	<u>591,423</u>	<u>73,031</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	217,659	7,534	225,193	208,748	16,445
Other Salaries for Instruction	41,200	21,200	62,400	62,400	-
Purchased Professional and Technical Services		2,350	2,350	-	2,350
Purchased Professional and Educational Services		23,273	23,273	23,273	-
Other Purchased Services	71,926	18,287	90,213	90,213	-
General Supplies	21,412	13,251	34,663	35,029	(366)
Total Instruction	<u>352,197</u>	<u>85,895</u>	<u>438,092</u>	<u>419,663</u>	<u>18,429</u>
Support Services					
Salaries of Facilitators/Master Teachers	55,075	-	55,075	55,075	-
Personal Services - Employee Benefits	107,387	32,777	140,164	122,170	17,994
Purchased Professional and Technical Services	16,237	5,155	21,392	25,634	(4,242)
Contracted Services (Vendors)	25,000	25,000	50,000	50,000	-
General Supplies	12,065	(4,643)	7,422	5,684	1,738
Total Support Services	<u>215,764</u>	<u>58,289</u>	<u>274,053</u>	<u>258,563</u>	<u>15,490</u>
Facilities Acquisition and Construction Services					
Equipment	39,112	-	39,112	-	39,112
Total Facilities Acquisition and Construction Services	<u>39,112</u>	<u>-</u>	<u>39,112</u>	<u>-</u>	<u>39,112</u>
Total Expenditures	<u>607,073</u>	<u>144,184</u>	<u>751,257</u>	<u>678,226</u>	<u>73,031</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	(86,803)	(86,803)	(86,803)	-
Other Financing Sources					
Transfer In - General Fund	-	86,803	86,803	86,803	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to Governmental Funds Statements (GAAP):					
Less: Current Year State Aid Payments Not Recognized on GAAP Basis				<u>\$ (30,406)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ (30,406)</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

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

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

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

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

	<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 and C-2)	\$ 10,363,449	\$ 591,423
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(600)
State Aid payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2018/2019 State Aid)	126,920	29,881
State Aid payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2019/2020 State Aid)	<u>(110,211)</u>	<u>(30,406)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 10,380,158</u>	<u>\$ 590,298</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the Budgetary Comparison Schedule (Exhibits C-1 and C-2)	\$ 9,316,379	\$ 678,226
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes	<u>-</u>	<u>(600)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 9,316,379</u>	<u>\$ 677,626</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Seven Fiscal Years*

	<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.00794	%	0.00590	%	0.00813	%	0.00738	%	0.00743	%	0.00792	%	0.00817	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,432,320		\$ 1,163,582		\$ 1,892,490		\$ 2,185,882		\$ 1,668,903		\$ 1,483,923		\$ 1,561,290	
District's Covered Payroll	\$ 480,426		\$ 493,798		\$ 434,193		\$ 517,496		\$ 503,178		\$ 497,994		\$ 528,600	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	298.1%		235.6%		435.9%		422.4%		331.7%		298.0%	%	295.0%	%
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.

**MOONACHIE 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	\$ 77,324	\$ 60,569	\$ 75,314	\$ 65,567	\$ 76,811	\$ 63,508	\$ 61,708
Contributions in Relation to the Contractually Required Contribution	<u>77,324</u>	<u>60,569</u>	<u>75,314</u>	<u>65,567</u>	<u>76,811</u>	<u>63,508</u>	<u>61,708</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 462,622	\$ 480,426	\$ 493,798	\$ 434,193	\$ 517,496	\$ 503,178	\$ 497,994
Contributions as a Percentage of Covered Payroll	16.71%	12.61%	15.25%	15.10%	14.84%	12.62%	12.39%

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.

**MOONACHIE 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)	-	-	-	-	-	-	-
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>\$ 13,121,771</u>	<u>\$ 13,860,347</u>	<u>\$ 15,404,142</u>	<u>\$ 18,735,640</u>	<u>\$ 16,447,196</u>	<u>\$ 13,176,585</u>	<u>\$ 12,885,122</u>
Total	<u>\$ 13,121,771</u>	<u>\$ 13,860,347</u>	<u>\$ 15,404,142</u>	<u>\$ 18,735,640</u>	<u>\$ 16,447,196</u>	<u>\$ 13,176,585</u>	<u>\$ 12,885,122</u>
District's Covered Payroll	\$ 2,468,578	\$ 2,374,952	\$ 2,079,476	\$ 2,354,970	\$ 2,393,474	\$ 2,581,290	\$ 2,334,892
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**MOONACHIE 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.

**MOONACHIE 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	\$ 321,318	\$ 410,920	\$ 491,622
Interest on Total OPEB Liability	385,150	448,694	388,859
Differences Between Expected and Actual Experience	(1,641,658)	(1,975,910)	
Changes of Assumptions	129,637	(1,119,910)	(1,618,043)
Gross Benefit Payments	(266,898)	(260,956)	(257,463)
Contribution from the Member	<u>7,912</u>	<u>9,019</u>	<u>9,480</u>
Net Change in Total OPEB Liability	(1,064,539)	(2,488,143)	(985,545)
Total OPEB Liability - Beginning	<u>9,759,139</u>	<u>12,247,282</u>	<u>13,232,827</u>
Total OPEB Liability - Ending	<u>\$ 8,694,600</u>	<u>\$ 9,759,139</u>	<u>\$ 12,247,282</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>8,694,600</u>	<u>9,759,139</u>	<u>12,247,282</u>
Total OPEB Liability - Ending	<u>\$ 8,694,600</u>	<u>\$ 9,759,139</u>	<u>\$ 12,247,282</u>
District's Covered Payroll	<u>\$ 2,949,004</u>	<u>\$ 2,868,750</u>	<u>\$ 2,513,669</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.

**MOONACHIE 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

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	IDEA Part B Basic	IDEA Part B Preschool	ESEA Title I	ESEA Title I SIA	ESEA Title II	ESEA Title IV	C.A.R.E.S. Emergency Relief Grant	Preschool Education Expansion Aid	Local Donations	Total
REVENUES										
Intergovernmental										
State								\$ 358,452		\$ 358,452
Federal	\$ 90,213	\$ 5,392	\$ 88,466	\$ 7,450	\$ 10,341	\$ 8,985	\$ 19,052			229,899
Local Sources	-	-	-	-	-	-	-	-	\$ 3,072	3,072
Total Revenues	\$ 90,213	\$ 5,392	\$ 88,466	\$ 7,450	\$ 10,341	\$ 8,985	\$ 19,052	\$ 358,452	\$ 3,072	\$ 591,423
EXPENDITURES										
Instruction										
Salaries of Teachers			\$ 64,788					\$ 143,960		\$ 208,748
Other Salaries for Instruction								62,400		62,400
Purchased Professional and Educational Services								23,273		23,273
Other Purchased Services	\$ 90,213									90,213
General Supplies	-	-	1,597	\$ 850	-	-	\$ 19,052	10,458	\$ 3,072	35,029
Total Instruction	90,213	-	66,385	850	-	-	19,052	240,091	3,072	419,663
Support Services										
Salaries of Facilitators/Master Teachers								55,075		55,075
Personal Services - Employee Benefits			22,081					100,089		122,170
Purchased Professional and Technical Services		\$ 5,392		6,600	\$ 8,667	\$ 4,975				25,634
Contracted Services (Vendors)								50,000		50,000
General Supplies	-	-	-	-	1,674	4,010	-	-	-	5,684
Total Support Services	-	5,392	22,081	6,600	10,341	8,985	-	205,164	-	258,563
Total Expenditures	\$ 90,213	\$ 5,392	\$ 88,466	\$ 7,450	\$ 10,341	\$ 8,985	\$ 19,052	\$ 445,255	\$ 3,072	\$ 678,226
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-	-	-	(86,803)	-	(86,803)
Other Financing Sources										
Transfers In - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,803	\$ -	\$ 86,803

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

EXPENDITURES	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final To Actual Variance</u>
Instruction					
Salaries of Teachers	\$ 143,235	\$ 725	\$ 143,960	\$ 143,960	\$ -
Other Salaries for Instruction	41,200	21,200	62,400	62,400	-
Purchased Professional and Educational Services		23,273	23,273	23,273	-
General Supplies	<u>6,653</u>	<u>3,805</u>	<u>10,458</u>	<u>10,458</u>	<u>-</u>
Total Instruction	<u>191,088</u>	<u>49,003</u>	<u>240,091</u>	<u>240,091</u>	<u>-</u>
Support Services					
Salaries of Facilitators/Master Teachers	55,075	-	55,075	55,075	-
Personal Services - Employee Benefits	87,289	12,800	100,089	100,089	-
Contracted Services (Vendors)	<u>25,000</u>	<u>25,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Support Services	<u>167,364</u>	<u>37,800</u>	<u>205,164</u>	<u>205,164</u>	<u>-</u>
Total Expenditures	<u>\$ 358,452</u>	<u>\$ 86,803</u>	<u>\$ 445,255</u>	<u>\$ 445,255</u>	<u>\$ -</u>

Calculation of Budget Carryover

Total revised 2019-2020 Preschool Education Aid Allocation	\$ 358,452
General Fund Contribution	86,803
Add: Actual ECPA/PEA Carryover (June 30, 2019)	<u>-</u>
Total Preschool Ed. Aid Funds Available for 2019-2020 Budget	445,255
Less: 2019-2020 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>445,255</u>
Available & Unbudgeted Preschool Funds as of June 30, 2020	-
Add: June 30, 2020 Unexpended Preschool Education Aid	<u>-</u>
2019-2020 Carryover - Preschool Education Aid Programs	<u>\$ -</u>
2019-2020 Preschool Education Aid Carryover Budgeted in 2020-21	<u>\$ -</u>

CAPITAL PROJECTS FUND

SCHEDULE F-1

**MOONACHIE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

SCHEDULE F-2

**SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

ENTERPRISE FUND

EXHIBIT G-1

**MOONACHIE 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

EXHIBIT G-2

**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

EXHIBIT G-3

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

MOONACHIE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2020

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 19,661	\$ 158,951	\$ 178,612
Total Assets	<u>\$ 19,661</u>	<u>\$ 158,951</u>	<u>\$ 178,612</u>
LIABILITIES			
Due to Student Groups	\$ 19,661		19,661
Payroll Deductions and Withholdings		24,366	24,366
Summer Savings Plan		131,192	131,192
Flex Spending Benefit	<u>-</u>	<u>3,393</u>	<u>3,393</u>
Total Liabilities	<u>\$ 19,661</u>	<u>\$ 158,951</u>	<u>\$ 178,612</u>

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

THIS STATEMENT IS NOT APPLICABLE

**MOONACHIE 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 School Robert L.Craig School	\$ 17,013	\$ 16,734	\$ 14,086	\$ 19,661
Total All Schools	<u>\$ 17,013</u>	<u>\$ 16,734</u>	<u>\$ 14,086</u>	<u>\$ 19,661</u>

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

	<u>Balance, July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2020</u>
Payroll Deductions and Withholdings	\$ 39,253	\$ 1,893,983	\$ 1,908,870	\$ 24,366
Accrued Salaries and Wages		2,057,158	2,057,158	-
Summer Savings Plan	123,071	131,192	123,071	131,192
Due to Other Funds	25,748		25,748	-
Flex Spending Benefit	<u>616</u>	<u>6,650</u>	<u>3,873</u>	<u>3,393</u>
Total	<u>\$ 188,688</u>	<u>\$ 4,088,983</u>	<u>\$ 4,118,720</u>	<u>\$ 158,951</u>

LONG-TERM DEBT

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

NOT APPLICABLE

**LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2019</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2020</u>
2018 Savin Copiers	\$ 108,748	\$ 85,149	\$ -	\$ 21,058	\$ 64,091
		<u>\$ 85,149</u>	<u>\$ -</u>	<u>\$ 21,058</u>	<u>\$ 64,091</u>

**MOONACHIE BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

STATISTICAL SECTION

This part of the Moonachie 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.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment In Capital Assets	\$ 1,370,646	\$ 1,889,488	\$ 4,693,363	\$ 5,239,360	\$ 4,836,231	\$ 4,561,781	\$ 4,271,398	\$ 4,005,991	\$ 3,788,469	\$ 3,515,681
Restricted	555,256	564,270		933,000	428,978	746,175	746,175	624,730	1,246,175	1,991,197
Unrestricted	661,115	729,313	944,692	(1,497,190)	(281,471)	(848,903)	(1,140,799)	(1,227,970)	(1,244,713)	(1,057,216)
Total Governmental Activities Net Assets	\$ 2,587,017	\$ 3,183,071	\$ 5,638,055	\$ 4,675,170	\$ 4,983,738	\$ 4,459,053	\$ 3,876,774	\$ 3,402,751	\$ 3,789,931	\$ 4,449,662
Business-Type Activities										
Net Investment In Capital Assets	\$ 7,518	\$ 5,752	\$ 4,168	\$ 2,584	\$ 1,000					
Unrestricted	19,827	17,408	23,983	32,163	33,259	\$ 46,304	\$ 59,279	\$ 63,430	\$ 71,023	\$ 69,263
Total Business-Type Activities Net Assets	\$ 27,345	\$ 23,160	\$ 28,151	\$ 34,747	\$ 34,259	\$ 46,304	\$ 59,279	\$ 63,430	\$ 71,023	\$ 69,263
District-Wide										
Net Investment In Capital Assets	\$ 1,378,164	\$ 1,895,240	\$ 4,697,531	\$ 5,241,944	\$ 4,837,231	\$ 4,561,781	\$ 4,271,398	\$ 4,005,991	\$ 3,788,469	\$ 3,515,681
Restricted	555,256	564,270	-	933,000	428,978	746,175	746,175	624,730	1,246,175	1,991,197
Unrestricted	680,942	746,721	968,675	(1,465,027)	(248,212)	(802,599)	(1,081,520)	(1,164,540)	(1,173,690)	(987,953)
Total District Net Assets	\$ 2,614,362	\$ 3,206,231	\$ 5,666,206	\$ 4,709,917	\$ 5,017,997	\$ 4,505,357	\$ 3,936,053	\$ 3,466,181	\$ 3,860,954	\$ 4,518,925

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".

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 3,610,256	\$ 4,033,870	\$ 4,102,304	\$ 3,976,487	\$ 4,369,620	\$ 4,349,160	\$ 4,745,469	\$ 4,844,785	\$ 4,402,885	\$ 4,449,403
Special Education	1,191,304	1,147,451	1,460,510	992,906	1,394,625	1,831,291	1,783,447	2,151,370	2,038,332	2,103,060
Other Instruction	294,914	94,128	159,149	218,034	263,058	367,119	361,056	307,671	257,328	228,271
School Sponsored Activities And Athletics	33,948	25,614	40,005	50,056	35,439	31,983	75,931	42,194	43,423	30,634
Support Services:										
Student & Instruction Related Services	1,201,000	1,156,475	1,263,991	1,455,445	1,158,132	1,265,087	1,362,382	1,641,304	1,614,633	1,515,108
General Administration	237,135	202,490	267,294	232,767	273,770	301,344	273,352	231,790	257,792	263,253
School Administrative Services	188,779	166,274	132,510	130,493	180,874	191,144	262,762	213,993	200,191	222,655
Plant Operations And Maintenance	726,926	679,151	2,779,061	1,865,058	897,860	934,258	855,468	822,345	780,862	809,373
Pupil Transportation	315,537	256,886	326,803	317,611	318,019	489,688	536,028	670,474	678,955	687,754
Central Services	186,269	208,125	201,209	215,369	226,485	198,000	231,769	165,241	216,274	226,027
Other Support Services										
Interest On Long-Term Debt	53,135	39,650	24,982	30,100	2,263	5,764	3,598	3,056	3,578	2,810
Total Governmental Activities Expenses	8,039,203	8,010,114	10,757,818	9,484,326	9,120,145	9,964,838	10,491,262	11,094,223	10,494,253	10,538,348
Business-Type Activities:										
Food Service	112,432	106,993	99,167	105,528	139,635	155,041	157,957	221,184	210,776	213,811
Total Business-Type Activities Expense	112,432	106,993	99,167	105,528	139,635	155,041	157,957	221,184	210,776	213,811
Total District Expenses	\$ 8,151,635	\$ 8,117,107	\$ 10,856,985	\$ 9,589,854	\$ 9,259,780	\$ 10,119,879	\$ 10,649,219	\$ 11,315,407	\$ 10,705,029	\$ 10,752,159
Program Revenues										
Governmental Activities:										
Charges For Services:										
Special Education	\$ 486,988	\$ 468,392	\$ 199,041	\$ 142,273	\$ 246,086	\$ 110,042	\$ 76,646	\$ 66,111	\$ 51,694	\$ 73,278
Operating Grants And Contributions	878,814	1,017,059	3,800,588	2,047,191	2,023,150	2,003,655	2,375,924	2,577,007	2,327,203	2,287,480
Capital Grants And Contributions	-	-	-	553,568	-	-	-	-	-	-
Total Governmental Activities Program Revenues	1,365,802	1,485,451	3,999,629	2,743,032	2,269,236	2,113,697	2,452,570	2,643,118	2,378,897	2,360,758

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-Type Activities:										
Charges For Services										
Food Service	\$ 25,634	\$ 17,208	\$ 12,135	\$ 18,947	\$ 33,844	\$ 40,446	\$ 36,639	\$ 35,018	\$ 40,544	\$ 32,497
Operating Grants And Contributions	65,901	66,404	63,012	60,322	78,448	98,617	104,361	102,024	115,509	117,541
Total Business Type Activities Program Revenues	91,535	83,612	75,147	79,269	112,292	139,063	141,000	137,042	156,053	150,038
Total District Program Revenues	\$ 1,457,337	\$ 1,569,063	\$ 4,074,776	\$ 2,822,301	\$ 2,381,528	\$ 2,252,760	\$ 2,593,570	\$ 2,780,160	\$ 2,534,950	\$ 2,510,796
Net (Expense)/Revenue										
Governmental Activities	\$ (6,673,401)	\$ (6,524,663)	\$ (6,758,189)	\$ (6,741,294)	\$ (6,850,909)	\$ (7,851,141)	\$ (8,038,692)	\$ (8,451,105)	\$ (8,115,356)	\$ (8,177,590)
Business-Type Activities	(20,897)	(23,381)	(24,020)	(26,259)	(27,343)	(15,978)	(16,957)	(84,142)	(54,723)	(63,773)
Total District-Wide Net Expense	\$ (6,694,298)	\$ (6,548,044)	\$ (6,782,209)	\$ (6,767,553)	\$ (6,878,252)	\$ (7,867,119)	\$ (8,055,649)	\$ (8,535,247)	\$ (8,170,079)	\$ (8,241,363)
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 6,892,462	\$ 7,019,469	\$ 7,153,176	\$ 7,244,684	\$ 7,059,543	\$ 7,200,734	\$ 7,344,749	\$ 7,857,751	\$ 8,325,950	\$ 8,646,025
Unrestricted Grants And Contributions	19,345	18,663	17,264	16,799	23,060	24,220	27,084	28,914	16,947	16,703
Gain on Impairment of Assets			1,866,964	-						
Miscellaneous Income	152,974	101,735	204,683	110,946	103,612	129,476	114,512	178,710	221,955	236,606
Transfers	(30,038)	(19,150)	(28,914)	(32,730)	(26,738)	(27,974)	(29,932)	(88,293)	(62,316)	(62,013)
Total Governmental Activities	7,034,743	7,120,717	9,213,173	7,339,699	7,159,477	7,326,456	7,456,413	7,977,082	8,502,536	8,837,321
Business-Type Activities:										
Investment Earnings	170	46	97	125	117	49				
Transfers	30,038	19,150	28,914	32,730	26,738	27,974	29,932	88,293	62,316	62,013
Total Business-Type Activities	30,208	19,196	29,011	32,855	26,855	28,023	29,932	88,293	62,316	62,013
Total District-Wide	\$ 7,064,951	\$ 7,139,913	\$ 9,242,184	\$ 7,372,554	\$ 7,186,332	\$ 7,354,479	\$ 7,486,345	\$ 8,065,375	\$ 8,564,852	\$ 8,899,334
Change In Net Position										
Governmental Activities	\$ 361,342	\$ 596,054	\$ 2,454,984	\$ 598,405	\$ 308,568	\$ (524,685)	\$ (582,279)	\$ (474,023)	\$ 387,180	\$ 659,731
Business-Type Activities	9,311	(4,185)	4,991	6,596	(488)	12,045	12,975	4,151	7,593	(1,760)
Total District	\$ 370,653	\$ 591,869	\$ 2,459,975	\$ 605,001	\$ 308,080	\$ (512,640)	\$ (569,304)	\$ (469,872)	\$ 394,773	\$ 657,971

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 620,773	\$ 931,200	\$ 744,217	\$ 1,203,000	\$ 1,475,250	\$ 1,268,322	\$ 1,082,300	\$ 935,441	\$ 1,586,490	\$ 2,392,728
Committed	157,355									
Assigned	3,101	245,609	835,754	164,484	95,149	46,722	45,099	57,256	60,481	83,301
Unassigned	237,200	216,042	100,272	226,031	223,464	231,654	224,492	214,619	123,080	208,985
Total General Fund	\$ 1,018,429	\$ 1,392,851	\$ 1,680,243	\$ 1,593,515	\$ 1,793,863	\$ 1,546,698	\$ 1,351,891	\$ 1,207,316	\$ 1,770,051	\$ 2,685,014
All Other Governmental Funds										
Unassigned			\$ (663,306)	\$ (507,336)					\$ (29,881)	\$ (30,406)
Restricted	\$ 373,812									
Total All Other Governmental Funds	\$ 373,812	\$ -	\$ (663,306)	\$ (507,336)	\$ -	\$ -	\$ -	\$ -	\$ (29,881)	\$ (30,406)

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 6,892,462	\$ 7,019,469	\$ 7,153,176	\$ 7,244,684	\$ 7,059,543	\$ 7,200,734	\$ 7,344,749	\$ 7,857,751	\$ 8,325,950	\$ 8,646,025
Tuition Charges	486,988	468,392	199,041	142,273	246,086	110,042	76,646	66,111	51,694	73,278
Miscellaneous	152,974	101,735	204,683	280,325	107,638	138,856	114,512	178,710	223,702	239,678
State Sources	620,917	801,991	982,560	860,037	946,985	1,007,350	1,059,620	1,160,618	1,586,902	1,782,176
Federal Sources	277,242	233,731	198,633	204,197	192,492	197,581	192,646	208,192	237,766	229,299
Total Revenue	8,430,583	8,625,318	8,738,093	8,731,516	8,552,744	8,654,563	8,788,173	9,471,382	10,426,014	10,970,456
Expenditures										
Instruction										
Regular Instruction	3,599,480	4,026,463	4,096,595	3,949,939	4,016,718	3,861,054	3,904,951	4,099,986	4,053,585	4,258,580
Special Education Instruction	1,188,785	1,150,300	1,452,786	999,436	1,288,406	1,685,563	1,617,656	1,938,298	1,960,834	2,052,389
Other Instruction	296,057	89,288	174,769	217,808	232,086	321,048	307,992	251,456	235,664	216,369
School Sponsored Activities And Athletics	33,948	25,614	40,005	50,056	30,922	26,623	38,246	31,970	38,013	28,361
Support Services:										
Student & Inst. Related Services	1,201,000	1,156,475	1,263,991	1,455,445	1,113,869	1,180,078	1,285,669	1,475,050	1,605,723	1,501,775
General Administration	225,845	191,855	267,294	232,767	251,735	263,600	258,686	214,851	262,914	263,912
School Administrative Services	159,371	134,271	132,190	130,173	148,359	145,325	184,157	148,453	176,873	189,321
Plant Operations And Maintenance	602,751	562,057	2,668,026	1,697,034	318,019	489,657	558,879	514,921	521,301	542,161
Pupil Transportation	315,537	256,886	326,803	317,611	199,277	197,649	534,358	665,034	679,589	687,881
Central Services	184,096	197,490	201,209	199,221	512,589	667,471	232,286	147,435	223,056	227,188
Other Support Services										
Capital Outlay	148,984	431,676	3,076,199	456,429	22,411	57,230		88,959	49,424	2,200
Debt Service:										
Principal	315,000	339,424	366,199	323,105	15,215	20,328	26,570	23,360	20,290	21,058
Interest And Other Charges	56,985	43,759	29,357	29,465	3,085	10,098	3,598	3,056	3,578	2,810
Total Expenditures	8,327,839	8,605,558	14,095,423	10,058,489	8,152,691	8,925,724	8,953,048	9,602,829	9,830,844	9,994,005
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	102,744	19,760	(5,357,330)	(1,326,973)	400,053	(271,161)	(164,875)	(131,447)	595,170	976,451
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)			34,951	45,000		51,970		75,165		
Super Storm Sandy Insurance Recovery			4,975,379	1,383,945	334,369	-				
Transfers In	483,750	18,032			507,336	-			43,879	86,803
Transfers Out	(513,788)	(37,182)	(28,914)	(32,730)	(534,074)	(27,974)	(29,932)	(88,293)	(106,195)	(148,816)
Total Other Financing Sources (Uses)	(30,038)	(19,150)	4,981,416	1,396,215	307,631	23,996	(29,932)	(13,128)	(62,316)	(62,013)
Net Change In Fund Balances	\$ 72,706	\$ 610	\$ (375,914)	\$ 69,242	\$ 707,684	\$ (247,165)	\$ (194,807)	\$ (144,575)	\$ 532,854	\$ 914,438
Debt Service As A Percentage Of										
Noncapital Expenditures	4.55%	4.69%	3.59%	3.67%	0.23%	0.34%	0.34%	0.28%	0.24%	0.24%

* Noncapital expenditures are total expenditures less capital outlay.

**MOONACHIE BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED**

Fiscal Year Ended June 30,	Miscellaneous						Total
	Tuition	Restricted Revenue	Interest on Investments	Rent	Donations	Refunds and Miscellaneous	
2011	\$ 486,988		\$ 15,980	\$ 92,954		\$ 44,040	\$ 639,962
2012	468,392		3,614	89,999		8,122	570,127
2013	199,041		2,806	18,450	\$ 150,000	33,427	403,724
2014	142,273		3,892	94,555	16,773	(4,274)	253,219
2015	246,086		3,314	96,446		3,852	349,698
2016	110,042		4,308	99,275		25,893	239,518
2017	76,646			100,343		14,169	191,158
2018	66,111			102,350		76,360	244,821
2019	51,694			196,000		25,955	273,649
2020	73,278			201,021		35,585	309,884

Source: District Records

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

Calendar Year	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2011	\$ 8,641,000	\$ 232,467,385			\$ 65,617,000	\$ 478,531,500		\$ 785,256,885	\$ 1,237,431	\$ 786,494,316	\$ 731,355,696	\$ 0.893
2012	8,641,000	232,620,485			65,617,000	475,238,400		782,116,885	1,131,513	783,248,398	842,731,657	0.913
2013	8,623,700	229,347,040			64,948,870	471,276,760		774,196,370	1,131,513	775,327,883	693,703,463	0.934
2014	7,681,800	226,470,145			64,511,470	474,327,140		772,990,555	1,040,609	774,031,164	863,948,156	0.912
2015	6,596,600	223,307,835			62,270,870	445,329,680		737,504,985	1,115,126	738,620,111	814,020,842	0.975
2016	4,552,700	194,844,500			68,466,400	441,416,700		709,280,300	1,015,396	710,295,696	805,902,045	1.034
2017	4,566,100	197,578,100			63,052,800	472,358,500		737,555,500	1,055,440	738,610,940	791,454,606	1.064
2018	4,590,300	201,228,200			64,170,500	486,384,000		756,373,000	1,225,611	757,598,611	791,638,900	1.099
2019	4,574,500	205,363,300			71,318,800	556,508,000		837,764,600	1,202,890	838,967,490	815,365,157	1.031
2020	4,450,300	209,534,300			72,616,700	577,430,800		864,032,100	1,006,428	865,038,528	909,177,952	1.019

Source: County Abstract of Ratables

^a Tax rates are per \$100

**MOONACHIE BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County (1)</u>
2011	\$ 1.837	\$.893	\$.751	\$.193
2012	1.930	.913	.780	.237
2013	1.943	.934	.803	.206
2014	2.001	.912	.830	.259
2015	2.111	.975	.904	.232
2016	2.379	1.034	1.070	.275
2017	2.141	1.064	1.077	.270
2018	2.423	1.099	1.070	0.254
2019	2.311	1.031	1.045	0.235
2020	2.307	1.019	1.026	0.262

(1) County Tax rate includes Open Space Tax.

Source: Tax Duplicate, Borough of Moonachie

**MOONACHIE BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEARS AND TEN YEARS AGO
(Unaudited)**

Taxpayer	2020		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Forsgate Industries	\$ 76,897,400	0.088894769	\$ 69,724,700	8.87%
Teachers Ins. & Annuity Assoc	20,384,200	0.0235645	12,892,800	1.64%
Forsgate Ventures VII LLC	19,410,800	0.022439232	17,414,600	2.21%
Liberty Property LP	16,733,800	0.019344572	16,368,100	2.08%
LPS Industries	12,619,600	0.014588483	11,973,200	1.52%
Flight Safety International	11,021,000	0.012740473	6,678,700	0.85%
Jeni LLC	11,237,000	0.012990173	13,562,100	1.72%
SWS Moonachie Associates	12,323,000	0.014245608	14,923,100	1.90%
Dominick Associates, LLC	11,285,000	0.013045662	10,181,400	1.29%
AMB US Logistics	10,346,600	0.011960855	8,769,000	1.11%
	<u>\$ 202,258,400</u>	<u>23.38%</u>	<u>\$ 182,487,700</u>	<u>23.20%</u>

Source: Municipal Tax Assessor

**MOONACHIE 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	\$ 6,892,462	\$ 6,892,462	100.00%	
2012	7,019,469	7,019,469	100.00%	
2013	7,153,176	7,153,176	100.00%	
2014	7,244,684	7,244,684	100.00%	
2015	7,059,543	7,059,543	100.00%	
2016	7,200,734	7,200,734	100.00%	
2017	7,344,749	7,344,749	100.00%	
2018	7,857,751	7,857,751	100.00%	
2019	8,325,950	8,325,950	100.00%	
2020	8,646,025	8,646,025	100.00%	

Source: District records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2011	\$ 975,000	\$ 37,554	\$ 1,012,554	2,693	\$ 376
2012	650,000	23,130	673,130	2,706	249
2013	310,000	31,882	341,882	2,709	126
2014		63,777	63,777	2,703	24
2015		48,562	48,562	2,707	18
2016		80,204	80,204	2,721	29
2017		53,634	53,634	2,717	20
2018		105,439	105,439	2,722	39
2019		85,149	85,149	2,714	31
2020		64,091	64,091	2,702	24

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2011	\$ 975,000		\$ 975,000	0.12%	\$ 362
2012	650,000		650,000	0.08%	240
2013	310,000		310,000	0.04%	114
2014	-		-	0.00%	-
2015	-		-	0.00%	-
2016	-		-	0.00%	-
2017	-		-	0.00%	-
2018	-		-	0.00%	-
2019	-		-	0.00%	-
2020	-		-	0.00%	-

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

MOONACHIE BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT
FOR YEAR ENDED DECEMBER 31, 2019
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Moonachie School District			
Borough of Moonachie	\$ 15,188,248	\$ 2,217,471	\$ 12,970,777
	<u>\$ 15,188,248</u>	<u>\$ 2,217,471</u>	<u>\$ 12,970,777</u>
Overlapping debt Apportioned to the Municipality:			
Bergen County			
Bergen County Utilities Authority - Water Pollution (2)			<u>1,248,997</u>
			<u>1,248,997</u>
 Total Direct and Overlapping Debt			 <u>\$ 14,219,774</u>

Sources:

- (1) Borough of Moonachie Annual Debt Statement
- (2) BCUA 2019 Audit
- (3) Bergen County Debt Statement December 31, 2019

**MOONACHIE BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized valuation basis	
	2019	\$ 875,703,433
	2018	806,398,633
	2017	<u>811,213,704</u>
		<u>\$ 2,493,315,770</u>
		\$ 831,105,257
Debt limit (3 % of average equalization value)		24,933,158
Total Net Debt Applicable to Limit		<u>-</u>
		<u>\$ 24,933,158</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 23,569,186	\$ 23,588,121	\$ 22,504,875	\$ 23,865,283	\$ 23,924,288	\$ 25,895,233	\$ 25,612,477	\$ 25,289,536	\$ 24,467,920	\$ 24,933,158
Total net debt applicable to limit	<u>900,000</u>	<u>610,000</u>	<u>310,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 22,669,186</u>	<u>\$ 22,978,121</u>	<u>\$ 22,194,875</u>	<u>\$ 23,865,283</u>	<u>\$ 23,924,288</u>	<u>\$ 25,895,233</u>	<u>\$ 25,612,477</u>	<u>\$ 25,289,536</u>	<u>\$ 24,467,920</u>	<u>\$ 24,933,158</u>
Total net debt applicable to the limit as a percentage of debt limit	3.82%	2.59%	1.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Annual Debt Statements

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

Year	Population	County Per Capita Personal Income	Unemployment Rate
2011	2,693	\$ 66,064	6.00%
2012	2,706	69,053	6.10%
2013	2,709	72,152	9.20%
2014	2,703	71,679	7.90%
2015	2,707	74,452	6.90%
2016	2,721	77,666	6.30%
2017	2,717	79,145	5.70%
2018	2,722	81,483	5.00%
2019	2,714	85,951	4.90%
2020	2,702	85,951 *	N/A

Source: New Jersey State Department of Education

* Estimate

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

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

NOT AVAILABLE

MOONACHIE 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	20.6	20.8	23.0	24.1	24.8	24.8	20.0	22.0	22.0	25.0
Special education	5.0	5.0	5.6	5.0	5.5	5.5	8.5	5.2	5.8	6.0
Other special education	0.8	-	-	-			0.5	0.8	0.8	3.5
Other instruction	1.0	1.0	1.0	-			8.5	3.0	3.0	3.0
Support Services:										
Student & instruction related services	15.0	12.5	11.0	9.0	10.0	10.0	2.0	5.0	5.0	5.0
General administration	1.5	1.5	1.5	1.5	1.5	1.5	3.0	2.0	2.0	2.0
School administrative services	0.5	0.5	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.0
Other administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	3.0	2.5	2.5	2.5	2.5	2.5	2.8	3.0	3.0	3.0
Other support services	3.0	3.0	3.0	3.0	3.5	3.5	1.0	1.0	3.0	2.5
Food Service	0.5	0.5	0.5	0.5	0.5	0.5	0.8	0.8	0.8	1.0
Total	<u>51.9</u>	<u>48.3</u>	<u>49.6</u>	<u>47.1</u>	<u>49.8</u>	<u>49.8</u>	<u>49.0</u>	<u>44.8</u>	<u>47.4</u>	<u>53.0</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment^a</u>	<u>Operating Expenditures^b</u>	<u>Cost Per Pupil^c</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Teacher/Pupil Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2011	351	\$ 7,806,870	\$ 22,242	3.13%	28	1:10	285	269	3.64%	94.39%
2012	365	7,790,699	21,344	-4.03%	28	1:10	282	277	-1.05%	98.23%
2013	377	10,623,668 (1)	28,179	32.02%	30	1:10	276	260	-2.13%	94.20%
2014	353	9,249,490 (2)	26,203	-7.02%	29	1:10	288	273	4.35%	94.79%
2015	403	8,111,980	20,129	-23.18%	30	1:10	295	280	2.43%	94.92%
2016	401	8,838,068	22,040	9.49%	30	1:10	304	304	3.05%	100.00%
2017	424	8,922,880	21,045	-4.52%	38	1:11	318	300	4.61%	94.34%
2018	420	9,487,454	22,589	7.34%	31	1:14	313	303	-1.57%	96.81%
2019	420	9,757,552	23,232	2.85%	32	1:10	318	306	1.60%	96.23%
2020	431	9,967,937	23,127	-0.45%	34	1:10	333	322	4.72%	96.70%

Sources: District records

- Note:
- a Enrollment based on annual October district count, including students sent to Woodridge Grades 9-12, special education and County educated students.
 - b Operating expenditures governmental funds (modified accrual) equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

- (1) Includes \$2,096,487 of trailer rental costs related to Hurricane Sandy.
- (2) Includes \$1,097,349 of trailer rental costs & cleaning of building related to Hurricane Sandy.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017
Capacity (students)	429	429	429	429	429	429	429	429	429	429
Enrollment	285	282	276	288	295	304	318	420	312	352

Number of Schools at June 30, 2020
 Elementary = 1

Source: District Records

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
School Facilities										
Robert L. Craig Elementary School	\$ 86,808	\$ 76,715	\$ 78,026	\$ 108,975	\$ 80,715	\$203,995	\$ 98,223	\$ 121,446	\$ 178,679	\$ 200,113
Grand Total	<u>\$ 86,808</u>	<u>\$ 76,715</u>	<u>\$ 78,026</u>	<u>\$ 108,975</u>	<u>\$ 80,715</u>	<u>\$203,995</u>	<u>\$ 98,223</u>	<u>\$ 121,446</u>	<u>\$ 178,679</u>	<u>\$ 200,113</u>

Source: School District's Financial Statements

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

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund		
School Package Policy		
Blanket Building & Contents	\$ 12,348,113	\$ 2,500
Blanket Valuable Papers		
Flood	25,000,000	50,000
Earthquake	25,000,000	5% of SOV
Comprehensive General Liability	5,000,000	
Comprehensive Auto Liability	5,000,000	
Money and Securities - Loss Inside & Outside	50,000	1,000
Employee Dishonesty with Faithful Performance for elected officials	500,000	1,000
Board Secretary - PO Bond	200,000	800
School Board Legal Liability	5,000,000	5,000
Boiler & Machinery	100,000,000 (1)	1,000
Voyager Indemnity - Flood Policy	500,000/500,000	50,000

Source: School District's Records

(1) Pooled coverage

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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DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, 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
Moonachie Board of Education
Moonachie, 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 Moonachie 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 Moonachie Board of Education's basic financial statements and have issued our report thereon dated December 15, 2020.

Internal Control Over Financial Reporting

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

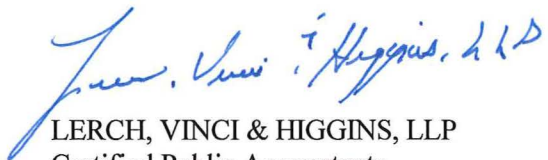
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Moonachie 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.

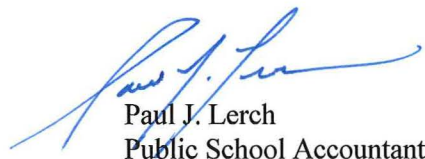
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Moonachie Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated December 15, 2020.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Moonachie 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 Moonachie Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 15, 2020



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Moonachie Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, 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 state program occurred. An audit includes examining, on a test basis, evidence about the Moonachie Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the Moonachie 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 Moonachie Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 Moonachie Board of Education's internal control over compliance.


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

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


The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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 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 Moonachie 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 December 15, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 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 state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 15, 2020

**MOONACHIE 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 Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2019	Def Rev Carryover	A/R Carryover	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance, June 30, 2020		MEMO GAAP Receivable
												Unearned Revenue	(Account Receivable)	
U.S. Department of Education														
Passed-through State Department of Education														
National School Lunch Program	10.555	201NJ304N1099	N/A	9/1/19-6/30/20	\$ 94,624				\$ 90,687	\$ 94,624		\$ (3,937)	\$ (3,937)	*
National School Lunch Program	10.555	191NJ304N1099	N/A	9/1/18-6/30/19	86,570	(5,330)			5,330					*
National School Breakfast Program	10.553	2016NJ304N1099	N/A	9/1/19-6/30/20	19,608				19,608	19,608				*
National School Breakfast Program	10.553	1916NJ304N1099	N/A	9/1/18-6/30/19	27,071	(2,068)			2,068					*
Seamless Summer Option	10.559	201NJ304N1099	N/A	9/1/19-6/30/20	1,631					1,631		(1,631)	(1,631)	*
Total U.S. Department of Agriculture- Child Nutrition Cluster						(7,398)	-	-	117,693	115,863	-	-	(5,568)	(5,568)
U.S. Department of Education														
Passed-through State Department of Education														
ESEA Consolidated														
Title I	84.010A	S010A200030	NCLB306011	7/1/19-9/30/20	87,463		\$ 1,597	\$ (1,597)	51,117	88,466		(37,349)	(37,349)	*
Title I	84.010A	S010A190030	NCLB306011	7/1/18-6/30/19	93,396	(21,724)	(1,597)	1,597	21,724					*
Title II	84.367	S367B200027	NCLB306011	7/1/19-9/30/20	11,742		932	(932)	5,674	10,341		(4,667)	(4,667)	*
Title II	84.367	S367B190027	NCLB306011	7/1/18-6/30/19	13,022	(4,001)	(932)	932	4,001					*
Title I SIA	84.367A	S367A200029	NCLB306011	7/1/19-9/30/20	9,400		11,200	(11,200)	6,850	7,450		(600)	(600)	*
Title I SIA	84.367A	S367A190029	NCLB306011	7/1/18-6/30/19	11,200	(11,301)	(11,200)	11,200	11,301					*
Title IV	84.424	S424A200031	NCLB306011	7/1/19-9/30/20	10,000		748	(748)	8,985	8,985				*
Title IV	84.424	S424A190031	NCLB306011	7/1/18-6/30/19	10,000	(5,381)	(748)	748	5,381					*
IDEIA Part B, Basic	84.027A	H027A190100	IDEA306011	7/1/19-9/30/20	90,213				67,155	90,213		(23,058)	(23,058)	*
IDEIA Part B, Basic	84.027A	H027A180100	IDEA306011	7/1/18-6/30/19	89,908	(11,370)			11,370					*
IDEIA Part B, Preschool	84.173	H173A190114	IDEA306011	7/1/19-9/30/20	5,392				5,392	5,392				*
IDEIA Cluster						(11,370)	-	-	83,917	95,605	-	-	(23,058)	(23,058)
C.A.R.E.S. Emergency Relief Grant	84.425D	S425D200027	N/A	3/13/20-9/30/22	70,316					19,052		(19,052)	(19,052)	*
C.A.R.E.S. Emergency Relief Grant						-	-	-	-	19,052	-	-	(19,052)	(19,052)
Total U.S. Department of Education						(53,777)	-	-	198,950	229,899	-	-	(84,726)	(84,726)
Total Federal Financial Assistance						\$ (61,175)	\$ -	\$ -	\$ 316,643	\$ 345,762	\$ -	\$ -	\$ (90,294)	\$ (90,294)

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

Note- Fain numbers are only applicable to the current year grant award.

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of this Statement.

**MOONACHIE 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	Transfers / Adjustments	Balance, June 30, 2020			MEMO		
								Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education													
<u>General Fund</u>													
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 247,278		\$ 226,302	\$ 247,278				\$ (20,976)		\$ 247,278	
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	223,111	\$ (20,440)	20,440							-	
Security Aid	20-495-034-5120-089	7/1/19-6/30/20	112,578		103,028	112,578				(9,550)		112,578	
Security Aid	19-495-034-5120-089	7/1/18-6/30/19	112,578	(10,313)	10,313							-	
Adjustment Aid	20-495-034-5120-084	7/1/19-6/30/20	16,590		15,183	16,590				(1,407)		16,590	
Adjustment Aid	19-495-034-5120-084	7/1/18-6/30/19	16,590	(1,520)	1,520							-	
State Aid Public Cluster													
				(32,273)	376,786	376,446	-	-	(31,933)	-		376,446	
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	107,072		97,990	107,072				(9,082)		107,072	
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	107,072	(9,809)	9,809							-	
Additional Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	6,090	(6,090)	6,090							-	
Transportation Aid Cluster													
				(15,899)	113,889	107,072	-	-	(9,082)	-		107,072	
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	69,196			69,196				(69,196)		69,196	
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	84,838	(84,838)	84,838							-	
<u>On-Behalf Payments</u>													
TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	475,793		475,793	475,793						475,793	
TPAF Pension - NCGI Premium	20-100-034-5094-004	7/1/19-6/30/20	8,528		8,528	8,528						8,528	
TPAF Pension-Post Retirement Medical	20-100-034-5094-001	7/1/19-6/30/20	179,674		179,674	179,674						179,674	
TPAF Long Term Disability Insurance	20-100-034-5094-004	7/1/19-6/30/20	664		664	664						664	
TPAF Social Security Aid	20-495-034-5094-003	7/1/19-6/30/20	190,167		170,755	190,167				(19,412)	\$ (19,412)	190,167	
TPAF Social Security Aid	19-495-034-5094-003	7/1/18-6/30/19	176,553	(8,503)	8,503							-	
On-Behalf Payments Cluster													
				(93,341)	928,755	924,022	-	-	(88,608)	-		(19,412)	924,022
Total General Fund													
				(141,513)	1,419,430	1,407,540	-	-	(129,623)	-		(19,412)	1,407,540
<u>Special Revenue Fund</u>													
Preschool Education Expansion Aid (PEEA)	20-495-034-5120-086	7/1/19-6/30/20	445,255		328,046	445,255	\$ 86,803			(30,406)		445,255	
Preschool Education Expansion Aid (PEEA)	19-495-034-5120-086	7/1/18-6/30/19	370,054	(29,881)	29,881							-	
Total Special Revenue Fund													
				(29,881)	357,927	445,255	86,803	-	(30,406)	-		-	445,255
State Department of Agriculture													
<u>Enterprise Fund</u>													
National School Lunch Program	20-100-034-3350-023	9/1/19-6/30/20	1,678		1,616	1,678				(62)		(62)	1,678
National School Lunch Program	19-100-034-3350-023	9/1/18-6/30/19	1,683	(101)	101							-	
Total Enterprise Fund													
				(101)	1,717	1,678	-	-	(62)	-		(62)	1,678
Total State Financial Assistance Subject to a Single Audit Determination				\$ (171,495)	\$ 1,779,074	1,854,473	\$ 86,803	\$ -	\$ (160,091)	\$ -		\$ (19,474)	\$ 1,854,473
Less On-Behalf Pension and Annuity Aid													
On-Behalf TPAF Pension Contributions						475,793							
On-Behalf TPAF Pension - NCGI Premiums						8,528							
On-Behalf TPAF Post Retirement Medical Contributions						179,674							
On-Behalf TPAF Long Term Disability Insurance						664							
Total State Financial Assistance Subject to Major Program Determination						\$ 1,189,814							

**MOONACHIE 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 Moonachie 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 \$16,709 for the general fund and a decrease of \$1,125 for 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		\$ 1,424,249	\$ 1,424,249
Special Revenue Fund	\$ 229,899	357,927	587,826
Food Service Fund	115,863	1,678	117,541
Total Financial Assistance	<u>\$ 345,762</u>	<u>\$ 1,783,854</u>	<u>\$ 2,129,616</u>

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

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$190,167 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 \$484,321, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$179,674 and TPAF Long-Term Disability Insurance in the amount of \$664 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 payments 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.

**MOONACHIE 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:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to the basic financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards Section

Not Applicable

MOONACHIE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Part I – Summary of Auditor’s Results

State Awards

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

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? yes X none reported

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

Auditee qualified as low-risk auditee? X yes no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
20-495-034-5094-003	Reimbursed TPAF Social Security Contr.
20-495-034-5120-086	Preschool Education Expansion Aid

**MOONACHIE 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 were none.

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

Part 3 – Schedule of State Award Findings and Questioned Costs

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major state programs, as required by New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

CURRENT YEAR STATE AWARDS

There are none.

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

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

STATUS OF PRIOR YEAR FINDINGS

There were none.