

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

North Caldwell, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

North Caldwell Board of Education

North Caldwell, New Jersey

For The Fiscal Year Ended June 30, 2020

Prepared by

Business Office

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INTRODUCTORY SECTION



NORTH CALDWELL BOARD OF EDUCATION
132A GOULD AVENUE
NORTH CALDWELL, NJ 07006

Robert Projansky, President
Mary Mokris, Vice President
Mindy Opper
Jordan Shumofsky
Matthew Atlas

Telephone (973) 712-4400
Fax (973) 226-0359

January 22, 2021

Honorable President and
Members of the Board of Education
North Caldwell School District
County of Essex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the North Caldwell School District (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 Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position 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.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the New Jersey OMB Circular 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: North Caldwell School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The North Caldwell 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 6. These include regular, as well as special education for handicapped youngsters. The District completed the fiscal year with an average daily enrollment of 694 students. The following details the changes in the students’ average daily enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2019-20	694	3.43%
2018-19	671	-0.01%
2017-18	675	-0.01%
2016-17	685	0.00%
2015-16	685	3.32%
2014-15	663	-0.01%
2013-14	673	-0.02%
2012-13	686	0.88%
2011-12	676	0.81%
2010-11	670	4.69%

2. DISTRICT SUMMARY: North Caldwell is a small community situated in northwest Essex County. The district is compact and strictly residential.

District goals encompass learning opportunities that help each student grow and develop intellectually, emotionally, physically, and socially. Both Grandview and Gould/Mountain schools emphasize curriculums that are aligned with NJSLS and ensure all students receive a thorough and efficient education. Individual student needs are addressed via differentiated instruction. The needs of classified students are met via co-taught inclusion classrooms and resource centers in Grandview and Gould/Mountain for special needs students, as well as a full-day pre-school disabled class and two half-day integrated preschool disabilities classes at Grandview School. Heterogeneous groupings, augmented by flexible grouping, are used for instruction. The schools have upgraded computer technology components for all students. Students in both Gould and Grandview Schools have a 1:1 Chromebook ratio.

Grandview library media center houses a minimum of twenty (20) computers. Additionally, there is a computer lab with a minimum of twenty (20) computers located

in the Mountain building. All school computers have Internet accessibility. Smart Boards are installed in all preschool to sixth grade classrooms and resource centers.

The district has been able to attract excellent teaching staff over the years. Eighty percent of the teachers are tenured. More than half are on the MA+ level. Enrollment for the 2020-2021 school year is approximately 694 students. This year, due to the constraints imposed by COVID-19, homerooms average fourteen (14) students.

Each member of the five-person school board is elected to three-year terms and represents a cross-section of the community.

North Caldwell students continue on to West Essex Regional Junior and Senior High Schools for grades 7-12. West Essex is a four-district regional school which includes Essex Fells, Roseland, and Fairfield, as well as North Caldwell.

3. STUDENT ACHIEVEMENT HIGHLIGHTS: Students in the North Caldwell Schools continue to demonstrate significant academic progress in all disciplines. A standards based structured literacy program begins in Kindergarten, providing students with a variety of reading experiences that focus on developing automatic and fluid decoding and comprehension skills. A standards based mathematics program (Every Day Math) is used in Grades K-5 and Connected Math is used in Grade 6. Curriculum in all subject areas are aligned to the New Jersey Student Learning Standards.

As a result of the Pandemic, no state standardized testing was administered this past Spring. Of note, Gould School was selected as a 2020 Blue Ribbon School.

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 are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. 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 approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation 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 "Notes to the Financial Statements".

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

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

9. 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, CPA's was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the related New Jersey OMB Circular 15-08. The auditor's report on

the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

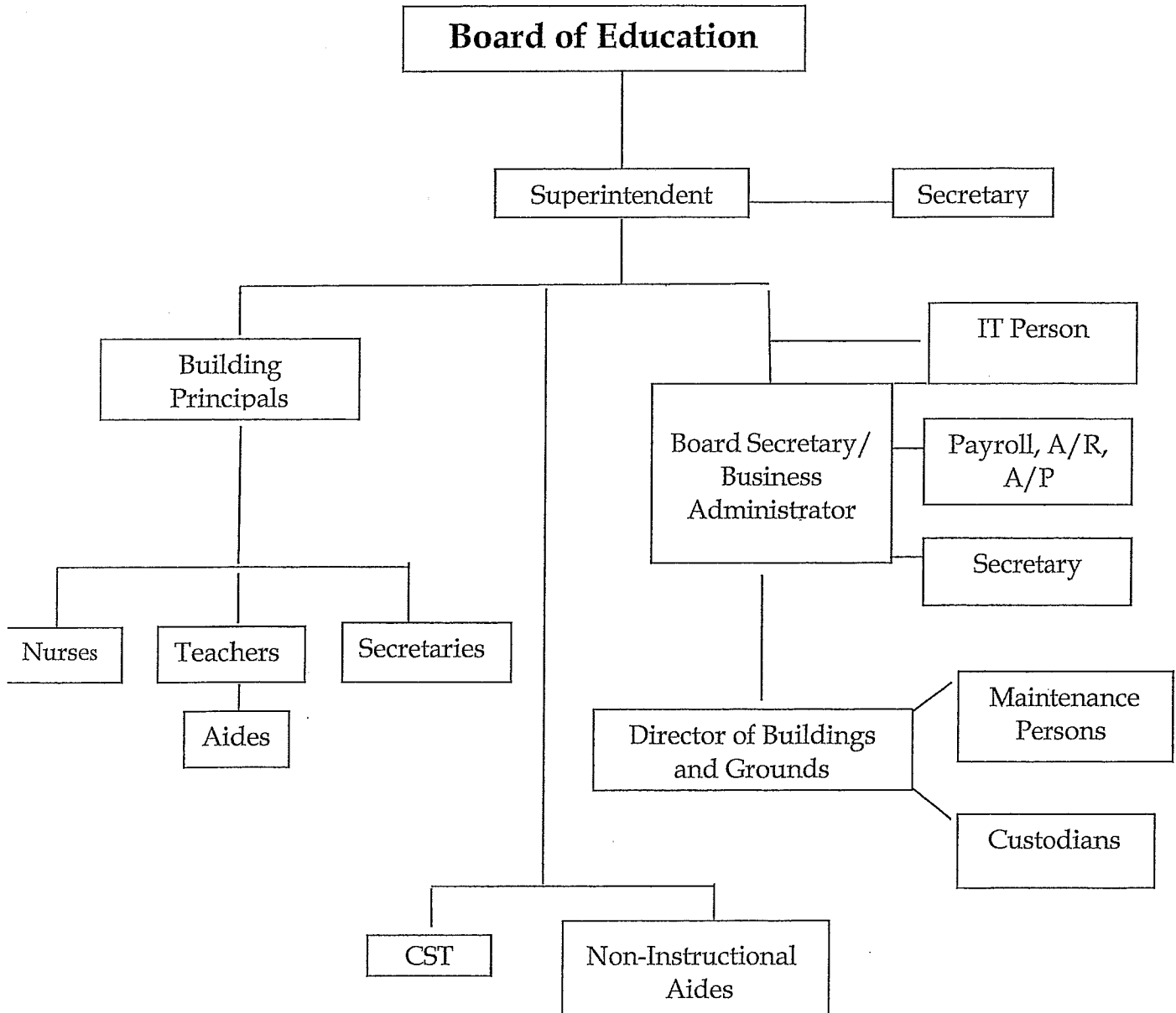
10. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the North Caldwell School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,



Michael W. Halik
Business Administrator/Board Secretary

NORTH CALDWELL BOARD OF EDUCATION
ORGANIZATION CHART
 (Unit Control)





**NORTH CALDWELL BOARD OF EDUCATION
NORTH CALDWELL, NEW JERSEY**

ROSTER OF OFFICIALS

June 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Projansky, President	2022
Mary Mokris, Vice President	2020
Melinda (Mindy) Opper	2021
Jordan Shumofsky	2020
Matthew (Matt) Atlas	2021

Other Officials

Linda Freda, Superintendent of Schools

Michael Halik, Business Administrator / Board Secretary

Steven Lella, Treasurer of School Monies

**NORTH CALDWELL BOARD OF EDUCATION
Consultants and Advisors**

Architect

DiCara Rubino Architects
30 Galesi Drive
Wayne, NJ 07470

Audit Firm

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

Attorneys

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 Paul Street
Westfield, NJ 07090

McManimon, Scotland & Baumann LLC
One Riverfront Plaza, Fourth Floor
Newark, NJ 07102-5408

Official Depository

Valley National Bank
15 Roseland Avenue
Caldwell, NJ 07006

Disclosure Agent

Phoenix Advisors, LLC
4 West Park Street
Bordentown, NJ 08505

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
North Caldwell Board of Education
North Caldwell, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Caldwell 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, each major fund, and the aggregate remaining fund information of the North Caldwell Board of Education as of June 30, 2020, and the respective changes in financial position 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 North Caldwell 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 North Caldwell Board of Education.

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

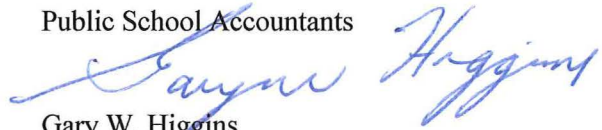
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 22, 2021 on our consideration of the North Caldwell 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 North Caldwell 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 North Caldwell Board of Education’s internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NORTH CALDWELL BOARD OF EDUCATION
NORTH CALDWELL, NEW JERSEY**

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

This discussion and analysis of the North Caldwell School District's financial performance provides an overall review 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 notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

Financial Highlights

Key financial highlights for 2020 is as follows:

- General revenues accounted for \$13,698,360 or 77 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,979,452 or 23 percent of total revenues of \$17,677,812.
- The School District had \$16,748,905 in expenses; only \$3,979,452 of these expenses are offset by charges for services and operating grants and contributions. General revenues (primarily taxes) of \$13,698,360 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$15,868,621 in revenues and \$14,672,135 in expenditures. The General Fund's fund balance increased by \$1,196,486 from the fiscal year ended June 30, 2019.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Using this Comprehensive Annual Financial Report (CAFR) (Continued)

The Statement of Net Position and Statement of Activities provides information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year ended June 30, 2020?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in its net position. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District has one distinct kind of activity:

- Governmental activities – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

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

The District as a Whole

The Statement of Net Position provides one perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2020 and 2019.

Table 1
Net Position

	Governmental- Type Activities	
	<u>2020</u>	<u>2019</u>
Assets		
Current and Other Assets	\$ 8,588,406	\$ 7,507,699
Capital Assets, net of accumulated depreciation	<u>10,534,234</u>	<u>10,895,902</u>
Total Assets	<u>19,122,640</u>	<u>18,403,601</u>
Deferred Outflows of Resources		
Deferred Amounts on Refunding of Debt	25,517	40,747
Deferred Amounts on Net Pension Liability	<u>1,237,579</u>	<u>1,625,752</u>
Total Deferred Outflows of Resources	<u>1,263,096</u>	<u>1,666,499</u>
Liabilities		
Long-term liabilities	5,878,530	6,443,185
Other Liabilities	<u>110,615</u>	<u>184,519</u>
Total Liabilities	<u>5,989,145</u>	<u>6,627,704</u>
Deferred Inflows of Resources		
Deferred Amounts on Net Pension Liability	<u>1,455,320</u>	<u>1,430,032</u>
Total Deferred Inflows of Resources	<u>1,455,320</u>	<u>1,430,032</u>
Net Position		
Net Investment in Capital Assets	8,961,854	8,792,101
Restricted	7,476,279	6,530,179
Unrestricted	<u>(3,496,862)</u>	<u>(3,309,916)</u>
Total Net Position	<u>\$ 12,941,271</u>	<u>\$ 12,012,364</u>

The District's governmental type activities net position as of June 30, 2020 and 2019 was \$12,941,271 and \$12,012,364, respectively.

Table 2 shows changes in net position for fiscal year ended June 30, 2020 and 2019.

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

	Governmental- Type Activities	
	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 103,606	\$ 151,021
Grants and Contributions	3,875,846	4,170,477
General Revenues:		
Property Taxes	13,565,080	13,332,286
Unrestricted State Aid	-	628
Other	<u>133,280</u>	<u>258,876</u>
Total Revenues	<u>17,677,812</u>	<u>17,913,288</u>
Program Expenses		
Instruction	10,367,717	10,137,663
Support Services:		
Student and Instruction Related Services	2,129,772	2,054,933
General Administration, School Administration, Business/Central Services	1,813,867	1,856,289
Plant Operations and Maintenance	1,958,874	2,048,874
Pupil Transportation	408,659	471,275
Interest on Debt	<u>70,016</u>	<u>92,872</u>
Total Expenses	<u>16,748,905</u>	<u>16,661,906</u>
Change in Net Position	928,907	1,251,382
Net Position, Beginning of Year	<u>12,012,364</u>	<u>10,760,982</u>
Net Position, End of Year	<u>\$ 12,941,271</u>	<u>\$ 12,012,364</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. The District's total revenues were \$17,677,812 and \$17,913,288 for the fiscal years ended June 30, 2020 and 2019, respectively. Property taxes comprised 77 and 74 percent of revenues for governmental activities for the North Caldwell School District in fiscal years ended June 30, 2020 and 2019, respectively. Federal, state, and local grants accounted for 22 and 23 percent of revenue for the fiscal years ended June 30, 2020 and 2019, respectively. The total cost of all programs and services was \$16,748,905 and \$16,661,906 in fiscal years ended June 30, 2020 and 2019, respectively. Instruction totaling \$10,367,717 and \$10,137,663 comprises 62 and 61 percent of District expenses for the fiscal years ended June 30, 2020 and 2019, respectively.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Total Cost and Net Cost of Services

	<u>Total Cost of Services</u>		<u>Net cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction	\$ 10,367,717	\$ 10,137,663	\$ 7,115,453	\$ 6,642,421
Support Services:				
Student and Instruction Related Services	2,129,772	2,054,933	2,005,680	1,909,675
General Administration, School Administration, Business/Central Services	1,813,867	1,856,289	1,377,400	1,370,109
Plant Operations and Maintenance	1,958,874	2,048,874	1,877,154	1,940,134
Pupil Transportation	408,659	471,275	323,750	385,197
Interest on Debt	<u>70,016</u>	<u>92,872</u>	<u>70,016</u>	<u>92,872</u>
 Total Expenses	 <u>\$ 16,748,905</u>	 <u>\$ 16,661,906</u>	 <u>\$ 12,769,453</u>	 <u>\$ 12,340,408</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Governmental Activities (Continued)

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. For the fiscal years ended June 30, 2020 and 2019 total revenues amounted to \$16,724,489 and \$16,462,036 and expenditures were \$15,579,815 and \$15,103,333, respectively. Total revenues exceeded expenditures by \$1,144,673 for the year ended June 30, 2020.

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

<u>Revenue</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2020</u>	<u>2019</u>		
Local Sources	\$ 13,801,966	\$ 13,742,183	\$ 59,783	0.44%
State Sources	2,678,030	2,472,917	205,113	8.29%
Federal Sources	244,492	246,936	(2,444)	-0.99%
Total	<u>\$ 16,724,488</u>	<u>\$ 16,462,036</u>	<u>\$ 262,452</u>	1.59%

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ended June 30, 2020 and 2019.

<u>Expenditures</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2020</u>	<u>2019</u>		
Instruction	\$ 9,355,010	\$ 8,909,804	\$ 445,206	5.00%
Support Services	5,460,108	5,470,951	(10,843)	-0.20%
Capital Outlay	153,322	90,003	63,319	70.35%
Debt Service:				
Principal	530,000	530,000	-	0.00%
Interest	81,375	102,575	(21,200)	-20.67%
Total	<u>\$ 15,579,815</u>	<u>\$ 15,103,333</u>	<u>\$ 476,482</u>	3.15%

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

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 over expenditures in specific line item accounts.

Capital Assets

As of June 30, 2020 and 2019, the District had \$10,534,234 and \$10,895,902 in land, construction in progress, buildings and building improvements and machinery and equipment net of depreciation, respectively. Table 4 shows capital assets at June 30, 2020 and 2019 net of depreciation.

Table 4
Capital Assets (Net of Depreciation)

	Governmental	
	<u>Activities</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 52,316	\$ 52,316
Construction in Progress	-	326,642
Building and Building Improvements	17,788,133	17,395,656
Machinery and Equipment	<u>852,123</u>	<u>764,636</u>
	18,692,572	18,539,250
Less Depreciation	<u>(8,158,338)</u>	<u>(7,643,348)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 10,534,234</u>	<u>\$ 10,895,902</u>

Additional information pertaining to capital assets can be found in Note 3 of the Notes to the Financial Statements.

Debt Administration

At June 30, 2020 and 2019, the District had \$5,878,530 and \$6,443,185 of outstanding long-term liabilities. Of this amount, \$411,766 and \$218,637 is for compensated absences, \$3,868,867 and \$4,080,000 is for net pension liability and \$1,597,897 and \$2,144,548 is for bonds payable, including the unamortized premium, for school construction, respectively.

Additional information pertaining to debt administration can be found in Note 3 of the Notes to the Financial Statements.

For the Future

Currently, the District is in sound financial condition. Everyone associated with the North Caldwell School District is grateful for the community support of the schools. The District's major concerns are continued enrollment growth and the ability to maintain optimum class sizes and excellent services. This, in an environment of uncertain state aid support, means an ever-increasing reliance on local property taxes.

In conclusion, the North Caldwell School District has committed itself to financial excellence for many years. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the North Caldwell Board of Education, Gould Avenue, North Caldwell, NJ 07006.

BASIC FINANCIAL STATEMENTS

**NORTH CALDWELL BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 8,580,739	\$ 8,580,739
Receivables, net	7,667	7,667
Capital Assets, net		
Not Being Depreciated	52,316	52,316
Being Depreciated	10,481,918	10,481,918
Total Assets	19,122,640	19,122,640
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts on Refunding of Debt	25,517	25,517
Deferred Amounts on Net Pension Liability	1,237,579	1,237,579
Total Deferred Outflows of Resources	1,263,096	1,263,096
Total Assets and Deferred Outflows of Resources	20,385,736	20,385,736
LIABILITIES		
Accounts Payable	90,037	90,037
Accrued Interest Payable	20,578	20,578
Noncurrent Liabilities		
Due within one year	530,000	530,000
Due beyond one year	5,348,530	5,348,530
Total Liabilities	5,989,145	5,989,145
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts on Net Pension Liability	1,455,320	1,455,320
Total Deferred Inflows of Resources	1,455,320	1,455,320
Total Liabilities and Deferred Inflows of Resources	7,444,465	7,444,465
NET POSITION		
Net Investment in Capital Assets	8,961,854	8,961,854
Restricted for		
Capital Projects	6,980,897	6,980,897
Debt Service	1	1
Maintenance	495,381	495,381
Unrestricted	(3,496,862)	(3,496,862)
Total Net Position	\$ 12,941,271	\$ 12,941,271

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

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

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities						
Instruction						
Regular	\$ 6,751,105	\$ 95,651	\$ 1,718,937		\$ (4,936,517)	\$ (4,936,517)
Special Education	3,616,612		1,437,676		(2,178,936)	(2,178,936)
Support Services						
Student and Instruction Related Services	2,129,772		124,092		(2,005,680)	(2,005,680)
General Administration Services	537,669		122,905		(414,764)	(414,764)
School Administration Services	707,154		154,868		(552,286)	(552,286)
Business/Central Services	569,044		158,694		(410,350)	(410,350)
Plant Operations and Maintenance	1,958,874	7,955	73,765		(1,877,154)	(1,877,154)
Pupil Transportation	408,659		84,909		(323,750)	(323,750)
Interest on Debt	70,016	-	-	-	(70,016)	(70,016)
Total Governmental Activities	<u>16,748,905</u>	<u>103,606</u>	<u>3,875,846</u>	<u>-</u>	<u>(12,769,453)</u>	<u>(12,769,453)</u>
Total Primary Government	<u>\$ 16,748,905</u>	<u>\$ 103,606</u>	<u>\$ 3,875,846</u>	<u>\$ -</u>	<u>(12,769,453)</u>	<u>(12,769,453)</u>
General Revenues						
Taxes						
Property Taxes Levied for General Purposes					12,953,705	12,953,705
Property Taxes Levied for Debt Service					611,375	611,375
Interest Income					131,719	131,719
Miscellaneous Income					1,561	1,561
Total General Revenues					<u>13,698,360</u>	<u>13,698,360</u>
Change in Net Position					928,907	928,907
Net Position, Beginning of Year					<u>12,012,364</u>	<u>12,012,364</u>
Net Position, End of Year					<u>\$ 12,941,271</u>	<u>\$ 12,941,271</u>

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

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 8,542,329		\$ 38,409	\$ 1	\$ 8,580,739
Due from Other Funds	<u>7,667</u>	\$ -	<u>-</u>	<u>-</u>	<u>7,667</u>
Total Assets	<u>\$ 8,549,996</u>	<u>\$ -</u>	<u>\$ 38,409</u>	<u>\$ 1</u>	<u>\$ 8,588,406</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 90,037	-	-	-	\$ 90,037
Total Liabilities	<u>90,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,037</u>
Fund Balances					
Restricted Fund Balance:					
Capital Reserve	6,942,488				6,942,488
Emergency Reserve	250,000				250,000
Maintenance Reserve	495,381				495,381
Excess Surplus - Designated for Subsequent Year's Expenditures	75,000				75,000
Excess Surplus	75,000				75,000
Capital Projects			\$ 38,409		38,409
Debt Service				\$ 1	1
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	294,608				294,608
Year End Encumbrances	213,225				213,225
Unassigned Fund Balance					
General Fund	<u>114,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,257</u>
Total Fund Balances	<u>8,459,959</u>	<u>-</u>	<u>38,409</u>	<u>1</u>	<u>8,498,369</u>
Total Liabilities and Fund Balances	<u>\$ 8,549,996</u>	<u>\$ -</u>	<u>\$ 38,409</u>	<u>\$ 1</u>	<u>\$ 8,588,406</u>

NORTH CALDWELL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020

Total Fund Balances Governmental Funds (Exhibit B-1)	\$	8,498,369
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$18,692,572 and the accumulated depreciation is \$8,158,338.</p>		10,534,234
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		25,517
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
<p>Deferred Outflows of Resources</p>	\$ 1,237,579	
<p>Deferred Inflows of Resources</p>	<u>(1,455,320)</u>	(217,741)
<p>The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:</p>		(20,578)
<p>Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
<p>Bonds Payable (Including Unamortized Premium)</p>	(1,597,897)	
<p>Compensated Absences Payable</p>	(411,766)	
<p>Net Pension Liability</p>	<u>(3,868,867)</u>	<u>(5,878,530)</u>
<p>Net position of governmental activities (Exhibit A-1)</p>	\$	<u>12,941,271</u>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Taxes	\$ 12,953,705			\$ 611,375	\$ 13,565,080
Tuition	95,651				95,651
Rent and Royalties	7,955				7,955
Interest Income	131,719				131,719
Miscellaneous	1,561	-	-	-	1,561
Total - Local Sources	<u>13,190,591</u>	<u>-</u>	<u>-</u>	<u>611,375</u>	<u>13,801,966</u>
State Sources	2,678,030				2,678,030
Federal Sources	-	\$ 244,492	-	-	244,492
Total Revenues	<u>15,868,621</u>	<u>244,492</u>	<u>-</u>	<u>611,375</u>	<u>16,724,488</u>
EXPENDITURES					
Current					
Regular Instruction	5,971,813	63,833			6,035,646
Special Education Instruction	3,227,208	92,156			3,319,364
Support Services					
Student and Instruction Related Services	1,901,741	88,503			1,990,244
General Administration Services	495,360				495,360
School Administration Services	642,982				642,982
Business/Central Services	531,769				531,769
Plant Operations and Maintenance	1,393,143				1,393,143
Pupil Transportation	406,610				406,610
Debt Service					
Principal				530,000	530,000
Interest				81,375	81,375
Capital Outlay	101,509	-	51,813	-	153,322
Total Expenditures	<u>14,672,135</u>	<u>244,492</u>	<u>51,813</u>	<u>611,375</u>	<u>15,579,815</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,196,486</u>	<u>-</u>	<u>(51,813)</u>	<u>-</u>	<u>1,144,673</u>
Fund Balance, Beginning of Year	<u>7,263,473</u>	<u>-</u>	<u>\$ 90,222</u>	<u>1</u>	<u>7,353,696</u>
Fund Balance, End of Year	<u>\$ 8,459,959</u>	<u>\$ -</u>	<u>\$ 38,409</u>	<u>\$ 1</u>	<u>\$ 8,498,369</u>

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

**NORTH CALDWELL 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) \$ 1,144,673

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. This is the amount by which depreciation expense exceeds capital outlay in the current period.

Capital Outlay	\$ 153,322	
Depreciation Expense	<u>(514,990)</u>	(361,668)

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

Increase in Compensated Absences	(193,129)	
Increase in Pension Expense	<u>(202,328)</u>	(395,457)

The Issuance of Long Term Debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of bond 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. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

Repayment of Bond Principal		530,000
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Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Deferred Charge on Refunding of Debt	(15,230)	
Amortization of Premium	<u>16,651</u>	1,421

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

Decrease in accrued interest		<u>9,938</u>
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Change in net position of governmental activities (Exhibit A-2)		<u>\$ 928,907</u>
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EXHIBIT B-4

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

NOT APPLICABLE

EXHIBIT B-5

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

NOT APPLICABLE

EXHIBIT B-6

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

NOT APPLICABLE

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

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 660,904	\$ 46,995
Receivables from Other Governments		-
Other Accounts Receivable	<u>-</u>	<u>3,288</u>
Total Assets	<u>660,904</u>	<u>\$ 50,283</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 16,042
Accrued Salaries and Wages		6,598
Due to Other Funds		7,667
Due to Student Groups		19,976
Accounts Payable	<u>1,258</u>	<u>-</u>
Total Liabilities	<u>1,258</u>	<u>\$ 50,283</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 659,646</u>	

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

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

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
Board	\$ 85,000
Employees	25,038
Interest Income	<u>7,777</u>
Total Additions	<u>117,815</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>8,692</u>
Total Deductions	<u>8,692</u>
Change in Net Position	109,123
Net Position, Beginning of Year	<u>550,523</u>
Net Position, End of Year	<u><u>\$ 659,646</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**NORTH CALDWELL 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 North Caldwell 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 six (6) school district.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

**NORTH CALDWELL 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 governmental 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. 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, are normally are supported by property taxes and intergovernmental revenues. In the statement of net position, the governmental 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 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 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 funds, each reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds. The District considers all of its governmental 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

Additionally, the District reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims. 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”.

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.

**NORTH CALDWELL 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)

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

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

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

**NORTH CALDWELL 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)

4. *Capital Assets*

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	10-40
Machinery and Equipment	5-10

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other 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(s) 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 that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**NORTH CALDWELL 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. 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.

7. Pensions

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

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

8. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

9. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (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 2B).

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 2C).

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note __).

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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.

10. Fund Balance Policies

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

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 31, 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 \$105,568. The increase was funded by the additional grant awards and the reappropriation of prior year general fund encumbrances.

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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. 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	\$ 5,944,575
Increased by:	
Deposit Approved by Board Resolution	<u>997,913</u>
Balance, June 30, 2020	<u>\$ 6,942,488</u>

C. 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.

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

Balance July 1, 2019	<u>\$ 495,381</u>
Balance, June 30, 2020	<u>\$ 495,381</u>

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$495,381.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

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

Balance July 1, 2019	<u>\$ 250,000</u>
Balance, June 30, 2020	<u>\$ 250,000</u>

E. 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 \$150,000. Of this amount, \$75,000 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$75,000 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.

**NORTH CALDWELL 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 \$9,288,638 and bank and brokerage firm balances of the Board's deposits amounted to \$9,840,584. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>9,840,584</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.

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

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

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

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

	Agency <u>Fund</u>	<u>Total</u>
Receivables:		
Accounts	\$ 3,288	\$ 3,288
Intergovernmental- State	-	-
	3,288	3,288
Gross Receivables	3,288	3,288
Less: Allowance for Uncollectibles	-	-
Net Total Receivables	<u>\$ 3,288</u>	<u>\$ 3,288</u>

C. Capital Assets

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

	Balance, <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance, <u>June 30, 2020</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 52,316				\$ 52,316
Construction in progress	326,642	-	-	\$ (326,642)	-
Total capital assets, not being depreciated	<u>378,958</u>	<u>-</u>	<u>-</u>	<u>(326,642)</u>	<u>52,316</u>
Capital assets, being depreciated:					
Buildings and Building Improvements	17,395,656	\$ 65,835		326,642	17,788,133
Machinery and equipment	764,636	87,487	-	-	852,123
Total capital assets being depreciated	<u>18,160,292</u>	<u>153,322</u>	<u>-</u>	<u>326,642</u>	<u>18,640,256</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(6,982,318)	(465,390)			(7,447,708)
Machinery and equipment	(661,030)	(49,600)	-	-	(710,630)
Total accumulated depreciation	<u>(7,643,348)</u>	<u>(514,990)</u>	<u>-</u>	<u>-</u>	<u>(8,158,338)</u>
Total capital assets, being depreciated, net	<u>10,516,944</u>	<u>(361,668)</u>	<u>-</u>	<u>326,642</u>	<u>10,481,918</u>
Government activities capital assets, net	<u>\$ 10,895,902</u>	<u>\$ (361,668)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,534,234</u>

**NORTH CALDWELL 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. Capital Assets (Continued)

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

Governmental activities:

Instruction		
Regular		\$ 36,546
Total Instruction		<u>36,546</u>
Support Services		
Student and instruction Related Services		2,514
Operations and Maintenance of Plant		<u>475,930</u>
Total Support Services		<u>478,444</u>
Total Depreciation Expense-Governmental Activities		<u>\$ 514,990</u>

D. 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	Agency Fund	\$ <u>7,667</u>

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

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

**NORTH CALDWELL 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. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2020 were \$15,540. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2021	\$ 15,540
2022	15,540
2023	15,540
2024	<u>1,295</u>
Total	<u>\$ 47,915</u>

F. 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.

Bonds payable at June 30, 2020 is comprised of the following issue:

\$6,775,000, 2010 Refunding Bonds, due in annual installments of \$515,000 to \$530,000 through February 15, 2023, interest at 3.00% to 4.00% \$1,570,000

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 530,000	\$ 54,875	\$ 584,875
2022	525,000	38,975	563,975
2023	<u>515,000</u>	<u>20,600</u>	<u>535,600</u>
	<u>\$ 1,570,000</u>	<u>\$ 114,450</u>	<u>\$ 1,684,450</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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:

2.5 % of Equalized Valuation Basis (Municipal)	\$ 30,051,791
Less: Net Debt	<u>1,570,000</u>
Remaining Borrowing Power	<u>\$ 28,481,791</u>

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 2,100,000		\$ 530,000	\$ 1,570,000	\$ 530,000
Add: Unamortized Premium	44,548	-	16,651	27,897	-
	<u>2,144,548</u>	<u>-</u>	<u>546,651</u>	<u>1,597,897</u>	<u>530,000</u>
Compensated Absences	218,637	\$ 193,129		411,766	
Net Pension Liability	<u>4,080,000</u>	<u>202,328</u>	<u>413,461</u>	<u>3,868,867</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 6,443,185</u>	<u>\$ 395,457</u>	<u>\$ 960,112</u>	<u>\$ 5,878,530</u>	<u>\$ 530,000</u>

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

**NORTH CALDWELL 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 New Jersey Schools Insurance Group (NJSIG or “Group”) and Morris Essex Insurance Group (MEIG or “Group”)The Groups are a risk sharing public entity pools, established for the purpose of insuring against various risks claims.

The relationship between the Board and the Groups 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 Groups, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Groups. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

NJSIG and MEIG provide 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 Groups are on file with the School's Business Administrator.

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

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s fiduciary trust fund for the current and previous two years:

Fiscal Year Ended <u>June 30,</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2020	\$ 85,000	\$ 25,038	\$ 8,692	\$ 659,646
2019	50,000	20,657	8,416	550,523
2018	70,000	20,976	9,416	477,913

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

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

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

C. Federal Arbitrage Regulations

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

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

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

Other Pension Funds

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 208,857	\$ 1,061,331	\$ 695
2019	206,114	945,062	591
2018	155,346	727,253	786

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$1,255, \$1,464 and \$2,158, respectively for PERS and the State contributed \$722, \$813 and \$904, 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 \$379,049 during the fiscal year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

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

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

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

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$3,868,867 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 .02147 percent, which was an increase of .00075 percent from its proportionate share measured as of June 30, 2018 of .02072 percent.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

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 \$411,185 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	\$ 69,441	\$ 17,091
Changes of Assumptions	386,321	1,342,872
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		61,072
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>781,817</u>	<u>34,285</u>
Total	<u>\$ 1,237,579</u>	<u>\$ 1,455,320</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 as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2021	\$ 82,958
2022	(147,225)
2023	(111,135)
2024	(31,300)
2025	(11,039)
Thereafter	<u>-</u>
	<u>\$ (217,741)</u>

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 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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%

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 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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>4,887,008</u>	\$ <u>3,868,867</u>	\$ <u>3,010,939</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.

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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 \$1,703,725 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 \$28,885,180. 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 .04707 percent, which was a decrease of .00114 percent from its proportionate share measured as of June 30, 2018 of .04821 percent.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

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

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

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>\$ 34,062,020</u>	<u>\$ 28,885,180</u>	<u>\$ 24,590,037</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.

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

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

Plan Description and Benefits Provided

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

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

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

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

E. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

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

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

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

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

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

Post-Retirement Medical Benefits Contributions

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

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$393,735, \$428,679 and \$409,717, 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 \$704,665. 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 \$18,622,657. 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 .04463 percent, which was an increase of .00183 percent from its proportionate share measured as of June 30, 2018 of .04280 percent.

**NORTH CALDWELL BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

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

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

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

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

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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

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

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

Long-Term Expected Rate of Return

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

Discount Rate

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

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

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>19,737,394</u>
Changes Recognized for the Fiscal Year:	
Service Cost	935,543
Interest on the Total OPEB Liability	789,411
Differences Between Expected and Actual Experience	(2,562,642)
Changes of Assumptions	277,665
Gross Benefit Payments	(571,660)
Contributions from the Member	16,946
Net Changes	<u>\$ (1,114,737)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>18,622,657</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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

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

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 22,000,717	\$ 18,622,657	\$ 15,939,311

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)	\$ 15,344,239	\$ 18,622,657	\$ 22,962,609

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.

F. Tax Abatements

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

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

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

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 it facilities either before or after an outbreak of an infectious disease.

BUDGETARY COMPARISON SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 12,953,705		\$ 12,953,705	\$ 12,953,705	
Tuition from Individuals	66,600		66,600	95,651	\$ 29,051
Rents and Royalties	8,850		8,850	7,955	(895)
Miscellaneous	77,500	-	77,500	133,280	55,780
Total Local Sources	<u>13,106,655</u>	<u>-</u>	<u>13,106,655</u>	<u>13,190,591</u>	<u>83,936</u>
State Sources					
Special Education Aid	317,833	\$ -	317,833	317,833	
Transportation Aid	84,466		84,466	84,466	
Security Aid	51,981		51,981	51,981	
Extraordinary Aid	100,000		100,000	472,963	372,963
TPAF Pension - On-Behalf Post Retirement Medical Contribution (Non Budgeted)				393,735	393,735
TPAF Pension - On-Behalf Normal Costs (Non Budgeted)				1,042,643	1,042,643
TPAF Pension - On-Behalf NCGI Premium (Non Budgeted)				18,688	18,688
TPAF Pension - On-Behalf Long-Term Disability Insurance (Non Budgeted)				722	722
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	379,049	379,049
Total State Sources	<u>554,280</u>	<u>-</u>	<u>554,280</u>	<u>2,762,080</u>	<u>2,207,800</u>
Total Revenues	<u>13,660,935</u>	<u>-</u>	<u>13,660,935</u>	<u>15,952,671</u>	<u>2,291,736</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	302,206	(15,000)	287,206	280,608	6,598
Grades 1-5	2,602,518	(38,000)	2,564,518	2,548,488	16,030
Grades 6-8	373,085	5,000	378,085	368,707	9,378
Regular Program - Home Instruction					
Salaries of Teachers	1,900	1,000	2,900	1,950	950
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services		2,025	2,025	135	1,890
Other Purchased Services	225,650	22,215	247,865	246,666	1,199
General Supplies	207,780	223,806	431,586	380,625	50,961
Textbooks	90,000	(86,500)	3,500	579	2,921
Other Objects	5,000	75	5,075	4,495	580
Total Regular Programs	<u>3,808,139</u>	<u>114,621</u>	<u>3,922,760</u>	<u>3,832,253</u>	<u>90,507</u>
Resource Room					
Salaries of Teachers	1,225,958	(125,045)	1,100,913	1,009,908	91,005
Other Salaries for Instruction	573,928	(19,860)	554,068	528,499	25,569
General Supplies	6,000	-	6,000	195	5,805
Total Resource Room	<u>1,805,886</u>	<u>(144,905)</u>	<u>1,660,981</u>	<u>1,538,602</u>	<u>122,379</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	179,884	2,000	181,884	179,664	2,220
General Supplies	560	-	560	-	560
Total Preschool Disabilities - Part-Time	<u>180,444</u>	<u>2,000</u>	<u>182,444</u>	<u>179,664</u>	<u>2,780</u>

NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Home Instruction					
Salaries of Teachers	\$ 8,000	-	\$ 8,000	-	\$ 8,000
Total Home Instruction	8,000	-	8,000	-	8,000
Total Special Education	1,994,330	\$ (142,905)	1,851,425	\$ 1,718,266	133,159
Total Instruction	5,802,469	(28,284)	5,774,185	5,550,519	223,666
Undistributed Expenditures					
Instruction					
Tuition to Priv. Sch. For the Disabled W/I State	450,451	66,500	516,951	457,757	59,194
Tuition - Other	-	100	100	-	100
Total Undistributed Expenditures - Instruction	450,451	66,600	517,051	457,757	59,294
Health Services					
Salaries	153,985	2,300	156,285	156,260	25
Purchased Professional and Technical Services	2,000	1,135	3,135	2,535	600
Other Purchased Services	100		100	31	69
Supplies and Materials	2,500	6,000	8,500	7,098	1,402
Total Health Services	158,585	9,435	168,020	165,924	2,096
Other Support Serv. Students OT, PT and Related Serv.					
Salaries	241,919	(10,800)	231,119	223,253	7,866
Purchased Professional-Educational Services	290,000	27,220	317,220	292,616	24,604
Supplies and Materials	3,500	595	4,095	1,188	2,907
Total Other Support Serv. Students OT, PT and Related Serv.	535,419	17,015	552,434	517,057	35,377
Other Support Serv. Students - Extra. Svcs.					
Salaries		10,000	10,000	3,030	6,970
Purchased Professional-Educational Services	320,000	22,300	342,300	323,157	19,143
Total Other Support Serv. Students - Extra Serv.	320,000	32,300	352,300	326,187	26,113
Child Study Team					
Salaries of Other Professional Staff	289,395	3,500	292,895	279,199	13,696
Salaries of Secretarial and Clerical Assistants	48,059		48,059	30,225	17,834
Other Salaries	48,000	(32,500)	15,500		15,500
Purchased Professional - Educational Services	8,000	7,400	15,400	12,462	2,938
Other Purchased Professional and Technical Services	29,500	(1,100)	28,400	22,497	5,903
Misc Purchased Services	1,750	-	1,750	585	1,165
Supplies and Materials	18,000	-	18,000	9,937	8,063
Other Objects	1,000	-	1,000	150	850
Total Child Study Team	443,704	(22,700)	421,004	355,055	65,949

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Improvement of Instructional Services					
Salaries of Other Professional Staff	\$ 2,000	-	\$ 2,000		\$ 2,000
Purchased Professional - Educational Services	6,000	-	6,000	-	6,000
Total Improvement of Instructional Services	<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Educational Media Services/School Library					
Salaries	114,976	\$ 4,400	119,376	\$ 119,317	59
Salaries of Technology Coordinators	17,000	-	17,000	16,250	750
Supplies and Materials	6,000	1,500	7,500	1,254	6,246
Total Educational Media Serv./School Library	<u>137,976</u>	<u>5,900</u>	<u>143,876</u>	<u>136,821</u>	<u>7,055</u>
Staff Training Services					
Purchased Professional-Educational Services	30,000	-	30,000	1,564	28,436
Other Purchased Services	2,500	-	2,500	880	1,620
Total Staff Training Services	<u>32,500</u>	<u>-</u>	<u>32,500</u>	<u>2,444</u>	<u>30,056</u>
Support Services General Administration					
Salaries	242,252	-	242,252	237,463	4,789
Legal Services	47,500	-	47,500	23,160	24,340
Audit Fees	27,000	-	27,000	20,157	6,843
Architectural/Engineering Services	25,000	10,765	35,765	35,765	-
Other Purchased Professional Services	6,000	-	6,000	4,425	1,575
Communications/Telephone	17,250	5,000	22,250	15,758	6,492
BOE Other Purchased Services	3,000	-	3,000	-	3,000
Miscellaneous Purchased Services	13,500	-	13,500	11,988	1,512
General Supplies	5,500	-	5,500	2,383	3,117
BOE In-House Training/Meeting Supplies	1,000	-	1,000	-	1,000
Miscellaneous Expenditures	3,250	-	3,250	2,285	965
BOE Membership Dues and Fees	12,500	-	12,500	9,502	2,998
Total Support Services General Administration	<u>403,752</u>	<u>15,765</u>	<u>419,517</u>	<u>327,121</u>	<u>92,396</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	289,500	3,156	292,656	290,250	2,406
Salaries of Other Professional Staff	15,300	844	16,144	16,143	1
Salaries of Secretarial and Clerical Assistants	92,330	-	92,330	91,390	940
Purchased Professional and Technical Services	7,000	-	7,000	219	6,781
Other Purchased Services	2,000	-	2,000	-	2,000
Supplies and Materials	5,000	-	5,000	477	4,523
Other Objects	2,500	-	2,500	845	1,655
Total Support Services School Administration	<u>413,630</u>	<u>4,000</u>	<u>417,630</u>	<u>399,324</u>	<u>18,306</u>

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Central Services					
Salaries	\$ 260,535	-	\$ 260,535	\$ 257,860	\$ 2,675
Purchased Technical Services	16,500	-	16,500	7,247	9,253
Miscellaneous Purchased Services	3,250	\$ 500	3,750	3,199	551
Supplies and Materials	4,000	-	4,000	3,573	427
Miscellaneous Expenditures	1,500	-	1,500	310	1,190
Total Central Services	285,785	500	286,285	272,189	14,096
Administrative Information Technology					
Salaries	52,000	-	52,000	48,750	3,250
Purchased Technical Services	15,000	-	15,000	8,307	6,693
Total Administrative Information Technology	67,000	-	67,000	57,057	9,943
Required Maintenance for School Facilities					
Salaries	69,103	-	69,103	64,677	4,426
Cleaning, Repair and Maintenance Services	272,500	33,265	305,765	293,955	11,810
General Supplies	42,500	81,329	123,829	96,189	27,640
Other Objects	3,500	(1,464)	2,036	2,035	1
Total Required Maintenance for School Facilities	387,603	113,130	500,733	456,856	43,877
Custodial Services					
Salaries	499,852	(16,619)	483,233	441,646	41,587
Rental of Land/Building Other Than Lease Purchase Agreement	-	1	1	1	-
Cleaning, Repair and Maint. Serv.	19,000	1,000	20,000	10,788	9,212
Other Purchased Property Services	17,000	-	17,000	10,499	6,501
Insurance	75,000	(5,001)	69,999	64,478	5,521
Miscellaneous Purchased Services	2,750	-	2,750	1,494	1,256
General Supplies	13,100	12,789	25,889	9,605	16,284
Energy (Natural Gas)	82,000	(37,000)	45,000	27,377	17,623
Energy (Electricity)	157,500	(27,700)	129,800	105,298	24,502
Energy (Gasoline)	5,700	-	5,700	2,053	3,647
Total Custodial Services	871,902	(72,530)	799,372	673,239	126,133
Security					
Salaries	2,500	-	2,500	704	1,796
Other Objects	20,000	10,000	30,000	17,439	12,561
Total Security	22,500	10,000	32,500	18,143	14,357
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	14,617	-	14,617	14,100	517
Other Purchased Prof. and Technical Serv.	16,500	(2,000)	14,500	13,500	1,000
Contracted Services (Aid In Lieu of Payment for Non-public)	35,000	(10,000)	25,000	12,172	12,828
Contracted Services (Bet. Home and Sch) - Vendors	268,000	(67,600)	200,400	107,498	92,902
Contracted Services (Other than Between Home and School) - Vendors	7,000	-	7,000	1,245	5,755
Contracted Services (Spl. Ed. Students) - Joint Agmts.	225,000	94,600	319,600	251,284	68,316
Total Student Transportation Services	566,117	15,000	581,117	399,799	181,318
Unallocated Benefits - Employee Benefits					
Social Security Contributions	174,000	-	174,000	134,468	39,532
Other Retirement Contributions - PERS	220,000	-	220,000	210,112	9,888
Other Retirement Contributions - Regular	5,500	-	5,500	1,138	4,362
Unemployment Compensation	40,000	45,000	85,000	85,000	-
Workmen's Compensation	74,500	-	74,500	63,643	10,857
Health Benefits	2,473,901	(253,914)	2,219,987	2,047,152	172,835
Tuition Reimbursement	40,500	-	40,500	37,500	3,000
Other Employee Benefits	10,000	-	10,000	695	9,305
Unused Sick Payment to Terminated / Retired Staff	18,000	11,200	29,200	29,200	-
Total Unallocated Benefits - Employee Benefits	3,056,401	(197,714)	2,858,687	2,608,908	249,779

NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

EXPENDITURES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
TPAF Pension- On-Behalf Post Retirement Medical Contribution (Non Budgeted)				\$ 393,735	\$ (393,735)
TPAF Pension - On-Behalf Normal Costs (Non Budgeted)				1,042,643	(1,042,643)
TPAF Pension - On-Behalf NCGI Premium (Non Budgeted)				18,688	(18,688)
TPAF Pension - On-Behalf Long-Term Disability Insurance (Non Budgeted)				722	(722)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	379,049	(379,049)
Total Undistributed Expenditures	\$ 8,161,325	\$ (3,299)	\$ 8,158,026	9,008,718	(850,692)
Total Expenditures - Current Expenditures	13,963,794	(31,583)	13,932,211	14,559,237	(627,026)
Capital Outlay					
Equipment					
Grades 1-5		57,459	57,459	57,459	-
Undistributed Expenditures-Student Transp.-Non-Instructional Equipment	-	45,186	45,186	44,050	1,136
Total Equipment	-	102,645	102,645	101,509	1,136
Facilities Acquisition and Construction Serv.					
Assessment Debt Service on SDA Funding	11,389	-	11,389	11,389	-
Total Facilities Acquisition and Constr. Services	11,389	-	11,389	11,389	-
Total Capital Outlay	11,389	102,645	114,034	112,898	1,136
Total Expenditures	13,975,183	71,062	14,046,245	14,672,135	(625,890)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(314,248)	(71,062)	(385,310)	1,280,536	1,665,846
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(314,248)	(71,062)	(385,310)	1,280,536	1,665,846
Fund Balance, Beginning of Year	7,694,875	-	7,694,875	7,694,875	-
Fund Balance, End of Year	\$ 7,380,627	\$ (71,062)	\$ 7,309,565	\$ 8,975,411	\$ 1,665,846
Recapitulation of Fund Balance					
Restricted:					
Capital Reserve Account				\$ 6,942,488	
Emergency Reserve				250,000	
Maintenance Reserve				495,381	
Excess Surplus - Designated for Subsequent Years Expenditures				75,000	
Excess Surplus				75,000	
Assigned					
Designated for Subsequent Year's Expenditures				294,608	
Year End Encumbrances				213,225	
Unassigned				629,709	
Reconciliation to Governmental Funds Statements (GAAP):				8,975,411	
Less: State Aid Payments Not Recognized on GAAP Basis				(515,452)	
Fund Balance Per Governmental Funds (GAAP)				\$ 8,459,959	

**NORTH CALDWELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Modified Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 209,896	\$ 34,596	\$ 244,492	\$ 244,492	-
Total Revenues	<u>209,896</u>	<u>34,596</u>	<u>244,492</u>	<u>244,492</u>	<u>-</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	61,348	2,485	63,833	63,833	
Tuition	125,863	(33,707)	92,156	92,156	
General Supplies	8,500	(8,500)	-	-	-
Total Instruction	<u>195,711</u>	<u>(39,722)</u>	<u>155,989</u>	<u>155,989</u>	<u>-</u>
Support Services					
Personnel Services - Employee Benefits		4,883	4,883	4,883	
Purchased Professional/Technical Services	14,185	69,435	83,620	83,620	-
Total Support Services	<u>14,185</u>	<u>74,318</u>	<u>88,503</u>	<u>88,503</u>	<u>-</u>
Total Expenditures	<u>209,896</u>	<u>34,596</u>	<u>244,492</u>	<u>244,492</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**NORTH CALDWELL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
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.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 15,952,671	(C-2) \$ 244,492
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (prior year)	431,402	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	<u>(515,452)</u>	<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 (B-2) \$ <u>15,868,621</u>	 \$ <u>244,492</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>14,672,135</u>	(C-2) \$ <u>244,492</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 (B-2) \$ <u>14,672,135</u>	 \$ <u>244,492</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION
AND
OTHER POST-EMPLOYMENT BENEFITS INFORMATION

**NORTH CALDWELL 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)	0.02147 %	0.02072 %	0.01676 %	0.01652 %	0.01702 %	0.01515 %	0.01562 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,868,867</u>	<u>\$ 4,080,000</u>	<u>\$ 3,903,533</u>	<u>\$ 4,893,073</u>	<u>\$ 3,821,527</u>	<u>\$ 2,837,575</u>	<u>\$ 2,986,345</u>
District's Covered Payroll	<u>\$ 1,435,039</u>	<u>\$ 1,547,668</u>	<u>\$ 1,371,792</u>	<u>\$ 1,118,665</u>	<u>\$ 1,119,602</u>	<u>\$ 1,189,503</u>	<u>\$ 1,054,265</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	270%	264%	285%	437%	341%	239%	283%
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.

**NORTH CALDWELL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S 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	\$ 208,857	\$ 206,114	\$ 155,346	\$ 146,771	\$ 146,360	\$ 124,942	\$ 117,735
Contributions in Relation to the Contractually Required Contributions	<u>208,857</u>	<u>206,114</u>	<u>155,346</u>	<u>146,771</u>	<u>146,360</u>	<u>124,942</u>	<u>117,735</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 1,289,652</u>	<u>\$ 1,435,039</u>	<u>\$ 1,547,668</u>	<u>\$ 1,371,792</u>	<u>\$ 1,118,665</u>	<u>\$ 1,119,602</u>	<u>\$ 1,189,503</u>
Contributions as a Percentage of Covered Payroll	16.19%	14.36%	10.04%	10.70%	13.08%	11.16%	9.90%

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.

**NORTH CALDWELL 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>2019</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>\$ 28,885,180</u>	<u>\$ 30,672,722</u>	<u>\$ 32,621,675</u>	<u>\$ 36,162,558</u>	<u>\$ 31,438,079</u>	<u>\$ 24,654,605</u>	<u>\$ 22,989,850</u>
Total	<u>\$ 28,885,180</u>	<u>\$ 30,672,722</u>	<u>\$ 32,621,675</u>	<u>\$ 36,162,558</u>	<u>\$ 31,438,079</u>	<u>\$ 24,654,605</u>	<u>\$ 22,989,850</u>
District's Covered Payroll	<u>\$ 5,149,583</u>	<u>\$ 5,018,705</u>	<u>\$ 4,897,352</u>	<u>\$ 5,004,262</u>	<u>\$ 5,000,409</u>	<u>\$ 4,873,882</u>	<u>\$ 4,746,510</u>
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.

**NORTH CALDWELL 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 calculation the net pension liability and statutorily required employer contribution are presented in Note 4D.

**NORTH CALDWELL 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	\$ 935,543	\$ 1,004,498	\$ 1,216,459
Interest on Total OPEB Liability	789,411	858,582	735,330
Differences Between Expected and Actual Experience	(2,562,642.0)	(2,581,943.0)	-
Changes of Assumptions	277,665	(2,264,965)	(3,069,118)
Gross Benefit Payments	(571,660)	(527,771)	(700,931)
Contribution from the Member	<u>16,946</u>	<u>18,241</u>	<u>25,810</u>
Net Change in Total OPEB Liability	(1,114,737)	(3,493,358)	(1,792,450)
Total OPEB Liability - Beginning	<u>19,737,394</u>	<u>23,230,752</u>	<u>25,023,202</u>
Total OPEB Liability - Ending	<u>\$ 18,622,657</u>	<u>\$ 19,737,394</u>	<u>\$ 23,230,752</u>
District's Proportionate Share of OPEB Liability			\$0
State's Proportionate Share of OPEB Liability	<u>18,622,657</u>	<u>19,737,394</u>	<u>23,230,752</u>
Total OPEB Liability - Ending	<u>\$ 18,622,657</u>	<u>\$ 19,737,394</u>	<u>\$ 23,230,752</u>
District's Covered Payroll	<u>\$ 6,584,622</u>	<u>\$ 6,566,373</u>	<u>\$ 6,269,144</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.

**NORTH CALDWELL 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

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

	<u>ESEA Title I</u>	<u>ESEA Title II A</u>	<u>ESEA Title IV</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>Total</u>
REVENUES						
Intergovernmental						
Federal	\$ 68,716	\$ 16,406	\$ 10,000	\$ 142,156	\$ 7,214	\$ 244,492
Total Revenues	<u>\$ 68,716</u>	<u>\$ 16,406</u>	<u>\$ 10,000</u>	<u>\$ 142,156</u>	<u>\$ 7,214</u>	<u>\$ 244,492</u>
EXPENDITURES						
Instruction						
Salaries of Teachers	\$ 63,833					\$ 63,833
Tuition	<u>-</u>	<u>-</u>	<u>-</u>	\$ 92,156	<u>-</u>	<u>92,156</u>
Total Instruction	<u>63,833</u>	<u>-</u>	<u>-</u>	<u>92,156</u>	<u>-</u>	<u>155,989</u>
Support Services						
Personnel Services - Employee Benefits	4,883					4,883
Purchased Professional/Technical Services	<u>-</u>	\$ 16,406	\$ 10,000	50,000	\$ 7,214	<u>83,620</u>
Total Support Services	<u>4,883</u>	<u>16,406</u>	<u>10,000</u>	<u>50,000</u>	<u>7,214</u>	<u>88,503</u>
Total Expenditures	<u>\$ 68,716</u>	<u>\$ 16,406</u>	<u>\$ 10,000</u>	<u>\$ 142,156</u>	<u>\$ 7,214</u>	<u>\$ 244,492</u>

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

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

<u>Issue/Project Title</u>	<u>Original Amount Authorized</u>	<u>Amended Authorization</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2020</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Gould Mountain Elementary School Windows and Doors Replacement	\$ 386,000	\$ 413,740	\$ 323,518	\$ 51,813	\$ 38,409
	<u>\$ 386,000</u>	<u>\$ 413,740</u>	<u>\$ 323,518</u>	<u>\$ 51,813</u>	<u>\$ 38,409</u>

<u>Analysis of Balance</u>	
Year End Encumbrances	\$ -
Available for Capital Projects	<u>38,409</u>
	<u>\$ 38,409</u>

Analysis of Appropriations

Gould Mountain Elementary School Windows and Doors Replacement	Capital Reserve	\$ 413,740
Total Amended Authorizations		\$ 413,740

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

Expenditures and Other Financing Uses	
Construction Services	\$ <u>51,813</u>
 Total Expenditures and Other Financing Uses	 <u>51,813</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 (51,813)
 Fund Balance - Beginning of Year	 \$ <u>90,222</u>
 Fund Balance- End of Year	 \$ <u>38,409</u>
 <u>Reconciliation to GAAP</u>	
Fund Balance - Budgetary	\$ <u>38,409</u>
Fund Balance - GAAP	\$ <u>38,409</u>

NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
GOULD MOUNTAIN ELEMENTARY SCHOOL
WINDOWS AND DOORS REPLACEMENT PROJECT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Reserve	\$ 413,740	-	\$ 413,740	\$ -
Total Revenues	<u>413,740</u>	<u>-</u>	<u>413,740</u>	<u>-</u>
EXPENDITURES AND OTHER FINANCING USES				
Professional Services	27,973		27,973	
Construction Services	<u>295,545</u>	<u>51,813</u>	<u>347,358</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>323,518</u>	<u>51,813</u>	<u>375,331</u>	<u>-</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 90,222</u>	<u>\$ (51,813)</u>	<u>\$ 38,409</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP# 3636-050-16-1000
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 386,000
Additional Authorized Cost	27,740
Revised Authorized Cost	\$ 413,740

Percentage Increase Over Original

Authorized Cost	7.19%
Percentage Completion	90.72%
Original Target Completion Date	8/31/2017
Estimated Completion Date	6/30/2019

ENTERPRISE FUND

NOT APPLICABLE

FIDUCIARY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 19,976	\$ 27,019	\$ 46,995
Other Accounts Receivable	<u>-</u>	<u>3,288</u>	<u>3,288</u>
Total Assets	<u>\$ 19,976</u>	<u>\$ 30,307</u>	<u>\$ 50,283</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 16,042	\$ 16,042
Due to Other Funds		7,667	7,667
Accrued Salaries and Wages		6,598	6,598
Due to Student Groups	<u>\$ 19,976</u>	<u>-</u>	<u>19,976</u>
Total Liabilities	<u>\$ 19,976</u>	<u>\$ 30,307</u>	<u>\$ 50,283</u>

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

THIS STATEMENT IS NOT APPLICABLE

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

	<u>Balance, July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2020</u>
Elementary Schools				
General Organization	\$ 13,757	\$ 35,470	\$ 29,251	\$ 19,976
 Total All Schools	<u>\$ 13,757</u>	<u>\$ 35,470</u>	<u>\$ 29,251</u>	<u>\$ 19,976</u>

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

	Balance, July 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2020</u>
ASSETS				
Cash	\$ 13,605	\$ 8,154,016	\$ 8,140,602	\$ 27,019
Receivables from Other Governments	\$ 7,409		7,409	-
Other Accounts Receivable	<u>5,343</u>	<u>-</u>	<u>2,055</u>	<u>3,288</u>
 Total Assets	 <u>\$ 26,357</u>	 <u>\$ 8,154,016</u>	 <u>\$ 8,150,066</u>	 <u>\$ 30,307</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 11,378	\$ 3,899,587	\$ 3,894,923	\$ 16,042
Accrued Salaries and Wages	6,635	4,252,891	4,252,928	6,598
Due to Other Funds	<u>8,344</u>	<u>1,538</u>	<u>2,215</u>	<u>7,667</u>
 Total Liabilities	 <u>\$ 26,357</u>	 <u>\$ 8,154,016</u>	 <u>\$ 8,150,066</u>	 <u>\$ 30,307</u>

LONG-TERM DEBT

NORTH CALDWELL BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2019</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>				
2010 Refunding Bonds	11/23/2010	\$ 6,775,000	2/15/21	\$ 530,000	3.00%			
			2/15/22	525,000	3.50%			
			2/15/23	515,000	4.00%	\$ 2,100,000	\$ 530,000	\$ 1,570,000
						<u>\$ 2,100,000</u>	<u>\$ 530,000</u>	<u>\$ 1,570,000</u>

**NORTH CALDWELL BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 611,375	-	\$ 611,375	\$ 611,375	-
Total Revenues	<u>611,375</u>	<u>-</u>	<u>611,375</u>	<u>611,375</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	530,000		530,000	530,000	
Interest	<u>81,375</u>	<u>-</u>	<u>81,375</u>	<u>81,375</u>	<u>-</u>
Total Expenditures	<u>611,375</u>	<u>-</u>	<u>611,375</u>	<u>611,375</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
<u>Recapitulation of Balance</u>					
Available for Subsequent Years Expenditures				<u>\$ -</u>	

STATISTICAL SECTION

This part of the North Caldwell 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.

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

	Fiscal Years Ended June 30,									
	2011	2012	2013	2014 (Restated)	2015	2016	2017	2018	2019	2020
Governmental activities										
Net Investment in Capital Assets	\$ 3,778,953	\$ 4,410,489	\$ 5,213,326	\$ 5,671,835	\$ 6,722,207	\$ 7,574,416	\$ 7,847,727	\$ 8,659,616	\$ 8,792,101	\$ 8,961,854
Restricted	1,136,761	1,493,259	1,792,969	2,613,231	2,911,650	3,645,729	4,893,967	5,216,629	6,530,179	7,476,279
Unrestricted	772,572	878,227	865,173	(2,207,520)	(2,225,655)	(2,483,334)	(2,871,113)	(3,115,263)	(3,309,916)	(3,496,863)
Total governmental activities net position	<u>\$ 5,688,286</u>	<u>\$ 6,781,975</u>	<u>\$ 7,871,468</u>	<u>\$ 6,077,546</u>	<u>\$ 7,408,202</u>	<u>\$ 8,736,811</u>	<u>\$ 9,870,581</u>	<u>\$ 10,760,982</u>	<u>\$ 12,012,364</u>	<u>\$ 12,941,270</u>
Business-type activities										
Net Investment in Capital Assets										
Unrestricted	\$ 4,190	\$ 6,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities net position	<u>\$ 4,190</u>	<u>\$ 6,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District-wide										
Net Investment in Capital Assets	\$ 3,778,953	\$ 4,410,489	\$ 5,213,326	\$ 5,671,835	\$ 6,722,207	\$ 7,574,416	\$ 7,847,727	\$ 8,659,616	\$ 8,792,101	\$ 8,961,854
Restricted	1,136,761	1,493,259	1,792,969	2,613,231	2,911,650	3,645,729	4,893,967	5,216,629	6,530,179	7,476,279
Unrestricted	776,762	884,367	865,173	(2,207,520)	(2,225,655)	(2,483,334)	(2,871,113)	(3,115,263)	(3,309,916)	(3,496,863)
Total district net position	<u>\$ 5,692,476</u>	<u>\$ 6,788,115</u>	<u>\$ 7,871,468</u>	<u>\$ 6,077,546</u>	<u>\$ 7,408,202</u>	<u>\$ 8,736,811</u>	<u>\$ 9,870,581</u>	<u>\$ 10,760,982</u>	<u>\$ 12,012,364</u>	<u>\$ 12,941,270</u>

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

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

	Fiscal Years Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,289,215	\$ 4,665,844	\$ 5,137,691	\$ 5,048,885	\$ 5,928,526	\$ 6,400,167	\$ 6,831,927	\$ 7,195,869	\$ 6,459,945	\$ 6,751,105
Special education	2,575,559	2,635,320	2,452,885	2,660,109	2,791,052	3,013,675	3,340,876	3,659,890	3,677,718	3,616,612
School Sponsored Activities and Athletics	3,499									
Support Services:										
Student & instruction related services	1,270,964	1,282,616	1,377,549	1,255,231	1,344,614	1,384,965	1,612,114	1,946,351	2,054,933	2,129,722
General Administration services	379,141	472,601	468,082	413,956	510,496	498,143	517,113	673,858	557,667	537,669
School Administration services	428,637	450,189	473,613	461,265	538,293	602,783	659,602	721,456	699,317	707,154
Business / Central services	311,545	379,285	370,911	395,027	464,724	509,856	604,297	618,296	599,305	569,044
Plant operations and maintenance	1,323,531	1,410,664	1,673,716	1,572,511	1,690,895	1,834,989	1,885,508	2,131,828	2,048,874	1,958,874
Pupil transportation	474,117	433,407	406,809	433,571	404,134	397,334	263,856	311,843	471,275	408,659
Special Schools										
Interest on long-term debt	173,274	230,728	204,861	191,288	172,728	155,713	134,927	113,862	92,872	70,016
Total governmental activities expenses	<u>11,229,482</u>	<u>11,960,654</u>	<u>12,566,117</u>	<u>12,431,843</u>	<u>13,845,462</u>	<u>14,797,625</u>	<u>15,850,220</u>	<u>17,373,253</u>	<u>16,661,906</u>	<u>16,748,855</u>
Business-type activities:										
Food service	6,786	6,349	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>6,786</u>	<u>6,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district expenses	<u>\$ 11,236,268</u>	<u>\$ 11,967,003</u>	<u>\$ 12,566,117</u>	<u>\$ 12,431,843</u>	<u>\$ 13,845,462</u>	<u>\$ 14,797,625</u>	<u>\$ 15,850,220</u>	<u>\$ 17,373,253</u>	<u>\$ 16,661,906</u>	<u>\$ 16,748,855</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	\$ 184,348	\$ 227,284	\$ 218,571	\$ 98,326	\$ 73,200	\$ 113,574	\$ 106,331	\$ 105,600	\$ 140,951	\$ 95,651
Special Schools										
Plant Operations and Maintenance								10,220	10,070	7,955
Operating grants and contributions	1,229,544	1,406,737	1,652,155	1,508,181	2,744,877	3,412,901	4,198,101	5,076,879	4,170,477	3,881,541
Capital grants and contributions				15,706	126,375	123,734	-	-	-	-
Total governmental activities program revenues	<u>1,413,892</u>	<u>1,634,021</u>	<u>1,870,726</u>	<u>1,622,213</u>	<u>2,944,452</u>	<u>3,650,209</u>	<u>4,304,432</u>	<u>5,192,699</u>	<u>4,321,498</u>	<u>3,985,147</u>
Business-type activities:										
Charges for services:										
Food service	7,544	8,287	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>7,544</u>	<u>8,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district program revenues	<u>\$ 1,421,436</u>	<u>\$ 1,642,308</u>	<u>\$ 1,870,726</u>	<u>\$ 1,622,213</u>	<u>\$ 2,944,452</u>	<u>\$ 3,650,209</u>	<u>\$ 4,304,432</u>	<u>\$ 5,192,699</u>	<u>\$ 4,321,498</u>	<u>\$ 3,985,147</u>
Net (Expense)/Revenue										
Governmental activities	\$ (9,815,590)	\$ (10,326,633)	\$ (10,695,391)	\$ (10,809,630)	\$ (10,901,010)	\$ (11,147,416)	\$ (11,545,788)	\$ (12,180,554)	\$ (12,340,408)	\$ (12,763,708)
Business-type activities	758	1,938	-	-	-	-	-	-	-	-
Total district-wide net expense	<u>\$ (9,814,832)</u>	<u>\$ (10,324,695)</u>	<u>\$ (10,695,391)</u>	<u>\$ (10,809,630)</u>	<u>\$ (10,901,010)</u>	<u>\$ (11,147,416)</u>	<u>\$ (11,545,788)</u>	<u>\$ (12,180,554)</u>	<u>\$ (12,340,408)</u>	<u>\$ (12,763,708)</u>

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

	Fiscal Years Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,214,962	\$ 10,605,788	\$ 10,834,245	\$ 11,050,929	\$ 11,271,947	\$ 11,525,704	\$ 11,867,700	\$ 12,292,153	\$ 12,699,711	\$ 12,953,705
Taxes levied for debt service	920,096	839,089	864,204	881,425	882,725	886,975	680,375	658,975	632,575	611,375
Unrestricted grants and contributions					12,173	13,098	6,363	6,536	628	-
Investment earnings	11,361	8,203	10,013	11,605	13,157	13,522	23,644	88,567	174,926	131,719
Miscellaneous income	30,344	38,698	70,273	58,094	51,664	36,726	101,476	24,724	83,950	1,561
Loss on Disposal of Capital Assets										
Transfers			6,149	-	-	-	-	-	-	-
Total governmental activities	<u>11,176,763</u>	<u>11,491,778</u>	<u>11,784,884</u>	<u>12,002,053</u>	<u>12,231,666</u>	<u>12,476,025</u>	<u>12,679,558</u>	<u>13,070,955</u>	<u>13,591,790</u>	<u>13,698,360</u>
Business-type activities:										
Investment earnings	15	12	9	-	-	-	-	-	-	-
Transfers	-	-	(6,149)	-	-	-	-	-	-	-
Total business-type activities	<u>15</u>	<u>12</u>	<u>(6,140)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 11,176,778</u>	<u>\$ 11,491,790</u>	<u>\$ 11,778,744</u>	<u>\$ 12,002,053</u>	<u>\$ 12,231,666</u>	<u>\$ 12,476,025</u>	<u>\$ 12,679,558</u>	<u>\$ 13,070,955</u>	<u>\$ 13,591,790</u>	<u>\$ 13,698,360</u>
Change in Net Position										
Governmental activities	\$ 1,361,173	\$ 1,165,145	\$ 1,089,493	\$ 1,192,423	\$ 1,330,656	\$ 1,328,609	\$ 1,133,770	\$ 890,401	\$ 1,251,382	\$ 934,652
Business-type activities	773	1,950	(6,140)	-	-	-	-	-	-	-
Total district	<u>\$ 1,361,946</u>	<u>\$ 1,167,095</u>	<u>\$ 1,083,353</u>	<u>\$ 1,192,423</u>	<u>\$ 1,330,656</u>	<u>\$ 1,328,609</u>	<u>\$ 1,133,770</u>	<u>\$ 890,401</u>	<u>\$ 1,251,382</u>	<u>\$ 934,652</u>

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

	Fiscal Years Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved										
Unreserved										
Restricted	1,890,727	\$ 2,516,998	\$ 2,642,968	\$ 2,928,884	\$ 3,045,951	\$ 3,579,532	\$ 4,402,742	\$ 5,526,406	\$ 6,839,956	\$ 7,837,869
Committed	40,518		83,300	-			47,113	13,764	56,887	
Assigned	6,308	6,274	40,677	162,634	258,512	243,384	264,816	241,465	253,424	507,833
Unassigned	150,000	30,063	129,101	131,201	136,388	134,093	127,019	123,135	113,206	114,257
Total general fund	<u>\$ 2,087,553</u>	<u>\$ 2,553,335</u>	<u>\$ 2,896,046</u>	<u>\$ 3,222,719</u>	<u>\$ 3,440,851</u>	<u>\$ 3,957,009</u>	<u>\$ 4,841,690</u>	<u>\$ 5,904,770</u>	<u>\$ 7,263,473</u>	<u>\$ 8,459,959</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	35,761	\$ 20,721	\$ 1	\$ 384,347	\$ 465,699	\$ 541,197	\$ 891,225	\$ 90,223	\$ 90,223	\$ 38,409
Committed										
Assigned										
Unassigned										
Total all other governmental funds	<u>\$ 35,761</u>	<u>\$ 20,721</u>	<u>\$ 1</u>	<u>\$ 384,347</u>	<u>\$ 465,699</u>	<u>\$ 541,197</u>	<u>\$ 891,225</u>	<u>\$ 90,223</u>	<u>\$ 90,223</u>	<u>\$ 38,409</u>

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

	Fiscal Years Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 11,135,058	\$ 11,444,877	\$ 11,698,449	\$ 11,932,354	\$ 12,154,672	\$ 12,412,679	\$ 12,548,075	\$ 12,951,128	\$ 13,332,286	\$ 13,565,080
Tuition	181,723	213,746	218,571	98,326	73,200	113,574	106,331	105,600	140,951	95,651
Rent and Royalties	2,625	13,538	11,440	7,425	8,500	8,075	13,675	10,220	10,070	7,955
Interest earnings	11,361	8,203	10,013	11,605	13,157	13,522	23,644	88,567	174,926	131,719
Miscellaneous	30,344	38,698	58,833	50,669	43,164	28,651	87,801	24,724	83,950	1,561
State sources	1,071,785	1,253,835	1,500,067	1,377,245	1,671,786	1,793,970	1,822,722	2,143,359	2,472,917	2,678,030
Federal sources	157,759	152,902	152,088	146,642	153,905	204,235	208,845	247,083	246,936	244,492
Total revenue	12,590,655	13,125,799	13,649,461	13,624,266	14,118,384	14,574,706	14,811,093	15,570,681	16,462,036	16,724,488
Expenditures										
Instruction										
Regular Instruction	4,223,395	4,666,011	5,083,355	5,052,410	5,233,329	5,462,619	5,463,837	5,741,707	5,646,418	6,035,646
Special education instruction	2,606,078	2,635,320	2,452,885	2,658,653	2,542,115	2,595,450	2,726,154	2,972,330	3,263,386	3,319,364
School sponsored activities and athletics	3,499	8,148								
Support Services:										
Student & inst. related services	1,270,087	1,267,395	1,372,414	1,251,836	1,342,039	1,317,464	1,467,514	1,745,871	1,894,544	1,990,244
General administration services	379,141	472,601	474,114	419,025	463,094	432,990	424,593	536,749	499,438	495,360
School administration services	432,237	449,384	474,229	461,999	486,898	518,710	529,804	575,288	608,607	642,982
Business / Central services	311,545	378,977	370,224	395,405	410,885	427,126	480,273	484,756	520,563	531,769
Plant operations and maintenance	999,200	1,060,118	1,299,000	1,192,383	1,299,254	1,400,324	1,387,709	1,531,975	1,479,350	1,393,143
Pupil transportation	474,117	433,407	406,809	433,571	404,087	396,305	261,352	309,711	468,449	406,610
Special Schools										
Capital outlay	67,556	428,846	515,665	166,540	754,474	545,087	154,773	751,241	90,003	153,322
Debt service:										
Principal	650,247	645,000	675,000	685,000	700,000	720,000	535,000	535,000	530,000	530,000
Interest and other charges	234,114	229,850	209,924	196,425	182,725	166,975	145,375	123,975	102,575	81,375
Cost of Issuance of Refunding Bond	91,317									
Payment to Refunding Bond Escrow Agent	389,394									
Total expenditures	12,131,927	12,675,057	13,333,619	12,913,247	13,818,900	13,983,050	13,576,384	15,308,603	15,103,333	15,579,815
Excess (Deficiency) of revenues over (under) expenditures	458,728	450,742	315,842	711,019	299,484	591,656	1,234,709	262,078	1,358,703	1,144,673
Other Financing sources (uses)										
Payments to Refunding Escrow Agent	(6,720,000)									
Refunding Bond Proceeds	6,775,000									
Premium on Issuance of Refunding Bonds	425,711									
Premium on Temporary Notes										
Transfers in			6,149	407,905	370,500	477,394	506,179	80,762		
Transfers out				(407,905)	(370,500)	(477,394)	(506,179)	(80,762)		
Total other financing sources (uses)	480,711	-	6,149	-	-	-	-	-	-	-
Net change in fund balances	\$ 939,439	\$ 450,742	\$ 321,991	\$ 711,019	\$ 299,484	\$ 591,656	\$ 1,234,709	\$ 262,078	\$ 1,358,703	\$ 1,144,673
Debt service as a percentage of noncapital expenditures	11.31%	7.14%	6.90%	6.91%	6.76%	6.60%	5.07%	4.53%	4.21%	3.96%

* Noncapital expenditures are total expenditures less capital outlay.

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30</u>	<u>Interest on Deposits</u>	<u>Rent and Royalties</u>	<u>Miscellaneous</u>	<u>Tuition</u>	<u>Prior Year Cancelled Payables</u>	<u>Total</u>
2011	\$ 11,361	\$ 2,625	\$ 30,344	\$ 181,723		\$ 226,053
2012	8,203	13,538	17,977	213,746		253,464
2013	10,013	11,440	58,833	218,571		298,857
2014	11,605	7,425	50,669	98,326		168,025
2015	13,157	8,500	43,164	73,200		138,021
2016	13,522	8,075	28,651	113,574		163,822
2017	23,644	13,675	87,801	106,331		231,451
2018	88,567	10,220	24,724	105,600		229,111
2019	174,926	10,070	83,950	140,951		409,897
2020	131,719	7,955	1,561	95,651		236,886

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate ^a
2011	\$ 31,687,700	\$ 1,517,159,000	\$ 474,200	\$ 4,000	\$ 27,941,000	\$ 2,916,300		\$ 1,580,182,200	\$ 568,100	\$ 1,580,750,300	\$ 1,705,642,135	\$ 0.724
2012	27,965,000	1,477,834,400	424,000	4,000	25,749,200	2,916,300		1,534,892,900	572,300	1,535,465,200	1,629,143,891	0.762
2013	32,703,600	1,479,925,700	424,000	4,000	23,679,100	2,697,500		1,539,433,900	618,900	1,540,052,800	1,603,705,860	0.775
2014	24,013,300	1,511,273,300	228,500	5,700	23,217,700	2,697,500		1,561,436,000	528,800	1,561,964,800	1,627,465,417	0.778
2015	19,041,700	1,535,025,600			24,426,700	2,697,500		1,581,191,500	517,500	1,581,709,000	1,676,062,829	0.785
2016	20,618,600	1,542,944,100			24,707,200	2,500,000	\$ 459,500	1,591,229,400	472,000	1,591,701,400	1,729,088,755	0.789
2017	20,877,800	1,551,406,800			24,931,500	2,500,000		1,599,716,100	468,700	1,600,184,800	1,762,595,194	0.809
2018	26,662,700	1,557,840,400			24,439,500	2,500,000		1,611,442,600	461,900	1,611,904,500	1,817,249,973	0.827
2019	23,117,500	1,568,618,800			24,439,500	2,500,000		1,618,675,800	468,300	1,619,144,100	1,813,766,467	0.838
2020	15,186,600	1,596,906,200			24,439,500	2,500,000		1,639,032,300	477,300	1,639,509,600	1,844,195,238	0.847

N/A - Not available

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

Calendar Year	Total Direct Local School Tax Rate	Overlapping Rates			Total
		Regional High School District	Municipality	County	
2011	\$ 0.724	\$ 0.475	\$ 0.363	\$ 0.474	\$ 2.036
2012	0.762	0.475	0.381	0.494	2.112
2013	0.775	0.500	0.380	0.510	2.165
2014	0.778	0.500	0.384	0.545	2.207
2015	0.785	0.508	0.384	0.553	2.230
2016	0.789	0.508	0.384	0.567	2.248
2017	0.809	0.527	0.391	0.573	2.300
2018	0.827	0.571	0.391	0.570	2.359
2019	0.838	0.562	0.398	0.545	2.343
2020	0.847	0.567	0.398	0.531	2.343

Source: Tax Duplicate, Borough of North Caldwell

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

Taxpayer	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Pulte Homes of NJ, LP	\$ 6,493,900	0.40%		
Greenbrook Country Club	12,000,000	0.73%	\$16,156,800	1.02%
Individual Taxpayer	3,247,600	0.20%	3,930,700	0.25%
Individual Taxpayer	2,824,800	0.17%	3,869,400	0.24%
Hidden Ridge at Caldwell, LLC			4,175,000	0.26%
Individual Taxpayer	2,563,000	0.16%	3,137,900	0.20%
Heller Property Partners, LP	2,500,000	0.15%		
Individual Taxpayer	2,494,800	0.15%	2,961,400	0.19%
K. Hovnanian			21,618,700	1.37%
PSEG Services Corp	2,320,000	0.14%		
The Crossing LLC	2,227,100	0.14%		
Individual Taxpayer	2,470,900		2,905,700	0.18%
Individual Taxpayer			2,724,500	0.17%
Individual Taxpayer			2,703,000	0.17%
	<u>\$ 39,142,100</u>	<u>2.24%</u>	<u>\$64,183,100</u>	<u>4.06%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 11,135,058	\$ 11,135,058	100.00%	
2012	11,444,877	11,444,877	100.00%	
2013	11,698,449	11,698,449	100.00%	
2014	11,932,354	11,932,354	100.00%	
2015	12,154,672	12,154,672	100.00%	
2016	12,412,679	12,412,679	100.00%	
2017	12,548,075	12,548,075	100.00%	
2018	12,951,128	12,951,128	100.00%	
2019	13,332,286	13,332,286	100.00%	
2020	13,565,080	13,565,080	100.00%	

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	<u>Population</u>	<u>Per Capita</u>
	General Obligation Bonds	Intergovernmental Loans Payable				
2011	\$ 7,125,000	-	\$ 7,125,000	6,199	\$ 1,149	
2012	6,480,000	-	6,480,000	6,258	1,035	
2013	5,805,000	-	5,805,000	6,353	914	
2014	5,120,000	-	5,120,000	6,546	782	
2015	4,420,000	-	4,420,000	6,620	668	
2016	3,700,000	-	3,700,000	6,628	558	
2017	3,165,000	-	3,165,000	6,626	478	
2018	2,630,000	-	2,630,000	6,608	398	
2019	2,100,000		2,100,000	6,621	317	
2020	1,570,000		1,570,000	6,621 (1)	237	

(1) - estimated

Source: District records

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

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2011	\$ 7,125,000		\$ 7,125,000	0.45%	\$ 1,149
2012	6,480,000		6,480,000	0.42%	1,035
2013	5,805,000		5,805,000	0.38%	914
2014	5,120,000		5,120,000	0.33%	782
2015	4,420,000	\$ 1	4,419,999	0.28%	668
2016	3,700,000	1	3,699,999	0.23%	558
2017	3,165,000	1	3,164,999	0.20%	478
2018	2,630,000	1	2,629,999	0.16%	398
2019	2,100,000	1	2,099,999	0.13%	317
2020	1,570,000	1	1,569,999	0.10%	237

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**NORTH CALDWELL 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)			
West Essex Regional High School	\$ 1,976,634	\$ 1,976,634	
Borough of North Caldwell School District	2,100,000	2,100,000	
Borough of North Caldwell	<u>11,555,176</u>	<u>617,000</u>	<u>\$ 10,938,176</u>
	<u>\$ 15,631,810</u>	<u>\$ 4,693,634</u>	<u>10,938,176</u>
Overlapping Debt Apportioned to the Municipality:			
Essex County (3);(A):			10,701,633
Essex County Utilities Authority (2) (A)			<u>483,670</u>
			<u>11,185,303</u>
Total Direct and Overlapping Debt			<u>\$ 22,123,479</u>

(A) The debt for this entity was apportioned to the Borough of North Caldwell by dividing the Municipality's 2019 equalized value by the total 2019 equalized value for Essex County.

Sources:

- (1) Borough of North Caldwell 2019 Annual Debt Statement
- (2) Essex County Utilities Authority 2019 audit
- (3) Essex County 2019 Annual Debt Statement

**NORTH CALDWELL BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized valuation basis
2019
2018
2017

1,803,920,967
1,802,293,939
\$ 3,606,214,906

Average equalized valuation of taxable property

\$ 1,202,071,635

Debt limit (2.5% of average equalization value)
Total Net Debt Applicable to Limit
Legal debt margin

\$ 30,051,791
1,570,000
\$ 28,481,791

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 44,731,990	\$ 43,744,679	\$ 41,991,015	\$ 40,624,359	\$ 40,442,684	\$ 41,437,940	\$ 42,677,511	\$ 43,918,603	\$ 44,647,548	\$ 30,051,791
Total net debt applicable to limit	<u>7,125,000</u>	<u>6,480,000</u>	<u>5,805,000</u>	<u>5,120,000</u>	<u>4,420,000</u>	<u>3,700,000</u>	<u>3,165,000</u>	<u>2,630,000</u>	<u>2,100,000</u>	<u>1,570,000</u>
Legal debt margin	<u>\$ 37,606,990</u>	<u>\$ 37,264,679</u>	<u>\$ 36,186,015</u>	<u>\$ 35,504,359</u>	<u>\$ 36,022,684</u>	<u>\$ 37,737,940</u>	<u>\$ 39,512,511</u>	<u>\$ 41,288,603</u>	<u>\$ 42,547,548</u>	<u>\$ 28,481,791</u>
Total net debt applicable to the limit as a percentage of debt limit	15.93%	14.81%	13.82%	12.60%	10.93%	8.93%	7.42%	5.99%	4.70%	5.22%

Source: Annual Debt Statements

**NORTH CALDWELL BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>School District Population</u>
2011	6.4%	\$ 54,225	6,199
2012	6.6%	55,049	6,258
2013	3.1%	55,797	6,353
2014	3.6%	58,470	6,546
2015	3.1%	60,836	6,620
2016	2.7%	62,253	6,628
2017	2.7%	64,232	6,626
2018	2.2%	67,459	6,608
2019	2.0%	N/A	6,621
2020	N/A	N/A	6,621 (2)

Source: United States Bureau of Census
School District Records

(1) Represents per capita income of the County of Essex

(2) Estimated

N/A - not available

NORTH CALDWELL BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

	<u>2020</u>		<u>2011</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

**NORTH CALDWELL 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	44.0	45.4	48.2	53.0	53.0	53.4	52.8	50.4	50.4	50.4
Special education	34.8	36.8	37.1	37.0	38.0	40.0	39.0	43.0	43.0	43.0
Other instruction	9.0	9.0	7.3	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Support Services:										
Student and instruction related services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General administration Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other Administrative Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Administrative Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	6.0	6.0	6.5	6.5	7.5	7.5	7.5	7.5	7.5	7.5
Other Support Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	<u>107.8</u>	<u>111.2</u>	<u>113.1</u>	<u>116.5</u>	<u>118.5</u>	<u>120.9</u>	<u>119.3</u>	<u>120.9</u>	<u>120.9</u>	<u>120.9</u>

Source: District Personnel Records

NORTH CALDWELL BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage	
					Teaching Staff	Elementary	Middle School					
2011	662.0	\$ 10,699,299	\$ 16,162	-6.32%	41.2	1:16:0	N/A	N/A	670.1	637.8	4.70%	95.18%
2012	675.0	11,371,361	16,846	4.23%	43.4	1:15:5	N/A	N/A	675.5	650.0	0.81%	96.23%
2013	676.0	11,933,030	17,652	4.78%	48.2	1:14:0	N/A	N/A	686.4	659.1	1.61%	96.02%
2014	670.0	11,865,282	17,709	0.32%	53.0	1:12.6	N/A	N/A	672.5	646.5	2.03%	96.14%
2015	658.0	12,181,701	18,513	4.54%	53.0	1:12.4	N/A	N/A	663.2	635.5	-1.38%	95.82%
2016	673.0	12,550,988	18,649	0.74%	53.4	1:12.4	N/A	N/A	685.0	647.1	3.29%	94.47%
2017	690.0	12,741,236	18,466	-0.99%	52.8	1:12.4	N/A	N/A	684.8	652.2	-0.03%	95.24%
2018	666.0	13,898,387	20,868	13.01%	50.4	1:12.4	N/A	N/A	674.7	646.3	-1.47%	95.79%
2019	667.0	14,380,755	21,560	3.32%	50.4	1:132	N/A	N/A	670.7	641.9	-0.59%	95.71%
2020	689.0	14,815,118	21,502	-0.27%	50.4	1:137	N/A	N/A	694.1	671.1	3.49%	96.69%

Sources: District records

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

**NORTH CALDWELL 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>Grandview Elementary School</u>										
Square Feet	52,430	52,430	52,430	52,430	52,430	52,430	52,430	52,430	52,430	52,430
Capacity (students)	385	385	385	385	385	385	385	385	385	385
Enrollment	381	390	400	397	385	391	410	397	400	407
<u>Gould Elementary/Middle School</u>										
Square Feet	34,175	34,175	34,175	34,175	34,175	34,175	34,175	34,175	34,175	34,175
Capacity (students)	327	327	327	327	327	327	327	327	327	327
Enrollment	281	285	276	273	273	282	278	288	278	294

Number of Schools at June 30, 2020
Elementary = 2

Source: District Records

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
FOR THE LAST TEN FISCAL YEARS**

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

	Project # (s)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
*School Facilities											
Building A - Gould School	N/A	\$ 108,114	\$ 121,971	\$ 285,144	\$ 170,667	\$ 200,665	\$ 257,412	\$ 206,767	\$ 228,194	\$ 231,648	\$ 238,167
Building B - Grandview School	N/A	<u>107,507</u>	<u>124,682</u>	<u>188,995</u>	<u>122,988</u>	<u>155,868</u>	<u>222,062</u>	<u>205,498</u>	<u>182,974</u>	<u>212,703</u>	<u>218,689</u>
Grand Total		<u>\$ 215,621</u>	<u>\$ 246,653</u>	<u>\$ 474,139</u>	<u>\$ 293,655</u>	<u>\$ 356,533</u>	<u>\$ 479,474</u>	<u>\$ 412,265</u>	<u>\$ 411,168</u>	<u>\$ 444,351</u>	<u>\$ 456,856</u>

Source: School District Records

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

	<u>Coverage</u>	<u>Deductible</u>
<u>School Commercial Package Policy - NJSIG</u>		
Property - Real and Personal Property (per occurrence fund limit)	\$ 500,000,000	\$ 5,000
General Liability (per occurrence)	11,000,000	N/A
Electronic Data Processing (per occurrence)	1,000,000	1,000
Equipment Breakdown (per accident)	100,000,000	5,000
Crime - Employee Dishonesty	250,000	1,000
Auto Liability (per accident)	11,000,000	N/A
Auto Physical Damage	Actual Cash Value	1,000
 <u>School Board Legal Liability - NJSIG</u>		
Errors and Omissions	\$ 11,000,000	\$ 5,000
 <u>Workers Compensation - MEIG</u>		
Employers Liability	\$ 1,000,000	N/A
Disease (each employee)	1,000,000	N/A
Disease (policy limit)	1,000,000	N/A
 <u>Public Official Bonds - CNA & NJSIG</u>		
Treasurer of School Monies	\$ 200,000	\$ 1,000
Business Administrator/Board Secretary	125,000	N/A
 <u>Student Accident Insurance - BMI Benefits</u>		
Base Limit	\$ 1,000,000	N/A
Catastrophic Limit	1,000,000	N/A
Voluntary Limit	500,000	N/A
 <u>Excess Liability - NJUEP</u>		
Per Occurrence Limit	\$ 29,000,000	N/A
Aggregate Limit	29,000,000	N/A

Source: School District's Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
North Caldwell Board of Education
North Caldwell, 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, each major fund, and the aggregate remaining fund information of the North Caldwell 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 North Caldwell Board of Education's basic financial statements and have issued our report thereon dated January 22, 2021

Internal Control Over Financial Reporting

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

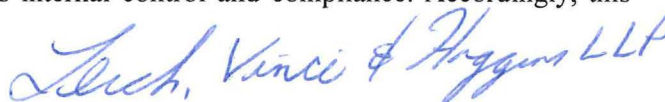
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

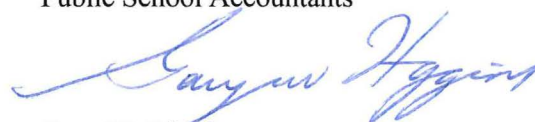
As part of obtaining reasonable assurance about whether the North Caldwell Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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.

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 North Caldwell 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 North Caldwell 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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 22, 2021



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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CHRISTOPHER M. VINCI, CPA

**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 Trustees
North Caldwell Board of Education
North Caldwell, New Jersey

Report on Compliance for Each Major State Program

We have audited the North Caldwell 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 North Caldwell Board of Education's major state programs for the fiscal year ended June 30, 2020. The North Caldwell 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 North Caldwell 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 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 North Caldwell 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 North Caldwell Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the North Caldwell 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 North Caldwell 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 North Caldwell 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 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 North Caldwell Board of Education's internal control over compliance.

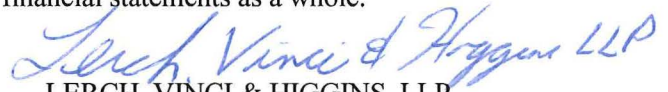
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

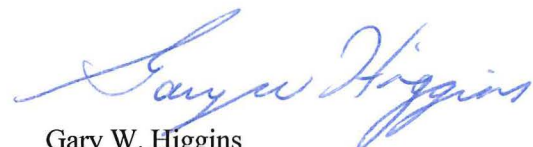
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 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, each major fund, and the aggregate remaining fund information of the North Caldwell Board of Education, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 22, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is 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


Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 22, 2021

NORTH CALDWELL 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	A/R Carryover Amount	Def. Rev. Carryover Amount	Cash Received	Budgetary Expenditures	June 30, 2020		Due to Grantor	Memo GAAP Receivable
											(Accounts Receivable)	Deferred Revenue		
U.S. Department of Education Passed-through State Department of Education														
Special Revenue Fund														
I.D.E.A. Part B-Basic	84.027	H027A180100	FT-3630-20	7/1/19-6/30/20	142,156				\$ 142,156	\$ 142,156				
I.D.E.A. Part B-Preschool	84.173	H173A180114	PS-3630-20	7/1/19-6/30/20	7,214				\$ 7,214	\$ 7,214				
Total Special Education Cluster (IDEA)										149,370				
Cares Act	84.425D	S425D200027	CARES-3630-20	7/1/19-6/30/20	55,056				-	-	(55,056)	55,056		-
ESEA Title I	84.010	S010A180030	ESEA-3630-20	7/1/19-6/30/20	68,716				68,716	68,716				
ESEA Title IIA	84.367A	S367A180029	ESEA-3630-20	7/1/19-6/30/20	16,406				16,406	16,406				
ESEA Title IV	84.424	S424A180031	ESEA-3630-20	7/1/19-6/30/20	10,000				10,000	10,000				
Total U.S. Department of Education						-	-	-	244,492	244,492	(55,056)	55,056	-	-
Total						\$ -	\$ -	\$ -	\$ 244,492	\$ 244,492	\$ (55,056)	\$ 55,056	\$ -	\$ -

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

NORTH CALDWELL 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 at June 30, 2019				Balance at June 30, 2020			Memo	
				(Accounts Receivable)	Deferred Revenue	Cash Received	Budgetary Expenditures	Cancelled	(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable
State Department of Education												
Current Expense												
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	265,382	\$ (24,300)		\$ 24,300						
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	317,833			292,090	\$ 317,833		\$ (29,727)			\$ 317,833
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	51,981	(4,760)		4,760						
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	51,981			47,771	51,981		(4,862)			51,981
Total State Aid Public Cluster							369,814					369,814
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	84,466	(7,734)		7,734						
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	84,466			77,625	84,466		(7,900)			84,466
Extraordinary Sp. Ed. Aid	19-100-034-5120-044	7/1/18-6/30/19	394,608	(394,608)		394,608						
Extraordinary Sp. Ed. Aid	20-100-034-5120-044	7/1/19-6/30/20	472,963				472,963		(472,963)			472,963
TPAF Social Security Tax	19-495-034-5094-003	7/1/18-6/30/19	367,215	(18,892)		18,892						
TPAF Social Security Tax	20-495-034-5094-003	7/1/19-6/30/20	379,049			379,049	379,049		-		\$ -	379,049
TPAF Pension On-Behalf Normal Costs	20-495-034-5094-002	7/1/19-6/30/20	1,042,643			1,042,643	1,042,643					1,042,643
TPAF Pension On-Behalf NCGI Premium	20-495-034-5094-004	7/1/19-6/30/20	18,688			18,688	18,688					18,688
TPAF Pension On-Behalf Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	722			722	722					722
TPAF Pension On-Behalf PRM Contr.	20-495-034-5094-001	7/1/19-6/30/20	393,735	-	-	393,735	393,735	-	-	-	-	393,735
Total General Fund				(450,294)	-	2,702,617	2,762,080	-	(515,452)	-	-	2,762,080
Total State Financial Assistance Subject to Single Audit Determination				(450,294)	-	2,702,617	2,762,080	-	(515,452)	-	-	2,762,080
State Financial Assistance												
Not Subject to Single Audit Determination												
General Fund												
TPAF Pension On-Behalf Normal Costs	20-495-034-5094-002	7/1/19-6/30/20				(1,042,643)	(1,042,643)					(1,042,643)
TPAF Pension On-Behalf NCGI Premium	20-495-034-5094-004	7/1/19-6/30/20				(18,688)	(18,688)					(18,688)
TPAF Pension On-Behalf Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20				(722)	(722)					(722)
TPAF Pension On-Behalf PRM Contr.	20-495-034-5094-001	7/1/19-6/30/20				(393,735)	(393,735)					(393,735)
Total State Financial Assistance Utilized for Calculation to Determine Major Programs				\$ (450,294)	\$ -	\$ 1,246,829	\$ 1,306,292	\$ -	\$ (515,452)	\$ -	\$ -	\$ 1,306,292

The Notes to the Schedule of Expenditures of State Financial Assistance are an Integral Part of this Schedule.

**NORTH CALDWELL 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 North Caldwell 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. This basis of accounting is 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 a decrease of \$84,050 for the general 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 fund. 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		\$ 2,678,030	\$ 2,678,030
Special Revenue Fund	\$ 244,492	-	244,492
Total Financial Assistance	<u>\$ 244,492</u>	<u>\$ 2,678,030</u>	<u>\$ 2,922,522</u>

**NORTH CALDWELL 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 \$379,079 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 \$1,061,331, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$393,735 and TPAF Long-Term Disability Insurance in the amount of \$722 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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

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

**NORTH CALDWELL 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, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

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

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

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

CURRENT YEAR STATE AWARDS

There are none.

**NORTH CALDWELL 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.