

CLOSTER BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Closter, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Closter Board of Education
Closter, New Jersey
For The Fiscal Year Ended June 30, 2021**

**Prepared by
Closter Board of Education
Business Office**

**CLOSTER BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-iv
Organizational Chart	v
Roster of Officials	vi
Consultants and Advisors	vii
FINANCIAL SECTION	
Independent Auditor's Report	1-3
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	4-13
Basic Financial Statements	
A. District-wide Financial Statements	
A-1 Statement of Net Position	14
A-2 Statement of Activities	15
B. Fund Financial Statements	
<i>Governmental Funds</i>	
B-1 Balance Sheet	16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	18
<i>Proprietary Funds</i>	
B-4 Statement of Net Position	19
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	20
B-6 Statement of Cash Flows	21
<i>Fiduciary Funds – Not Applicable</i>	
Notes to the Financial Statements	22-63

**CLOSTER BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	64-69
C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budgetary Basis – Special Revenue Fund	70
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information	71
REQUIRED SUPPLEMENTARY INFORMATION – PART III	
L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)	
L-1 Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	72
L-2 Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	73
L-3 Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	74
L-4 Notes to Required Supplementary Information – Net Pension Liability	75
L-5 Required Supplementary Information – Schedule of District’s Proportionate Share of Total OPEB Liability	76
L-6 Notes to Required Supplementary Information – OPEB Liability	77
OTHER SUPPLEMENTARY INFORMATION	
D. School Level Schedules – Not Applicable	
E. Special Revenue Fund	
E-1 Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Fund – Budgetary Basis	78-79
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis – Not Applicable	80
E-3 Schedule of Receipts and Disbursement	81
F. Capital Projects Fund – Not Applicable	
G. Proprietary Funds	
<i>Enterprise Fund – Not Applicable</i>	
<i>Internal Service Fund – Not Applicable</i>	

**CLOSTER BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

H. Fiduciary Funds – Not Applicable

I. Long-Term Debt

I-1	Statement of Serial Bonds Payable	82
I-2	Schedule of Obligations Under Lease Purchase Agreements – Not Applicable	83
I-3	Debt Service Fund Budgetary Comparison Schedule	84

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	85
J-2	Changes in Net Position	86
J-3	Fund Balances – Governmental Funds	87
J-4	Changes in Fund Balances – Governmental Funds	88
J-5	General Fund Other Local Revenue by Source	89
J-6	Assessed Value and Actual Value of Taxable Property	90
J-7	Direct and Overlapping Property Tax Rates	91
J-8	Principal Property Taxpayers	92
J-9	Property Tax Levies and Collections	93
J-10	Ratios of Outstanding Debt by Type	94
J-11	Ratios of Net General Obligation Debt Outstanding	95
J-12	Direct and Overlapping Governmental Activities Debt	96
J-13	Legal Debt Margin Information	97
J-14	Demographic and Economic Statistics	98
J-15	Principal Employers	99
J-16	Full-Time Equivalent District Employees by Function/Program	100
J-17	Operating Statistics	101
J-18	School Building Information	102
J-19	Schedule of Required Maintenance Expenditures by School Facility	103
J-20	Insurance Schedule	104

**CLOSTER BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	105-106
K-2	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	107-109
K-3	Schedule of Expenditures of Federal Awards	110
K-4	Schedule of Expenditures of State Financial Assistance	111
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	112-113
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	114-115
K-6	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	116
K-6	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	117
K-7	Summary Schedule of Prior Year Findings	118

INTRODUCTORY SECTION

CLOSTER PUBLIC SCHOOLS

340 Homans Avenue • Closter, New Jersey 07624



Vincent McHale
Superintendent of Schools

Floro M. Villanueva Jr.
Business Administrator/Board Secretary

March 3, 2022

Honorable President and
Members of the Board of Trustees
Closter Board of Education
Closter, New Jersey 07624

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Closter School District (the "District") for the fiscal year ended June 30, 2021 is hereby submitted. This Comprehensive Annual Financial Report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. 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 basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of NJ OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Closter Public Schools is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 34. All funds of the District are included in this report. The Closter Board of Education, Hillside Elementary School and Tenakill Middle School constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. It completed the 2020-2021 fiscal year with an enrollment of 1,179 students, which is 44 less students than the previous year. The following details the changes in the District's student enrollment over the last 10 years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	1,127	(0.97)
2012-2013	1,123	(0.35)
2013-2014	1,118	(0.44)
2014-2015	1,120	0.18
2015-2016	1,114	(0.54)
2016-2017	1,155	3.68
2017-2018	1,167	1.04
2018-2019	1,233	5.65
2019-2020	1,223	(0.81)
2020-2021	1,179	(3.59)

2. ECONOMIC CONDITION AND OUTLOOK: Known as, "The Historic Hub of the Northern Valley," the Borough of Closter is situated below the Palisades in the northeastern part of Bergen County, New Jersey. Closter is a stable, attractive community with an estimated population of 8,511. The median household income of its residents is \$140,357, and the average home is assessed at \$721,974. Approximately 90% of Closter's working residents are employed in the following job types: management, business and financial operations; professional and related; sales and office; service. Furthermore, 95% of Closter's adult population graduated from high school and 63% have a bachelor's degree or higher. As of the 2020 United States Census, nearly 41% of Closter's residents are of Asian origins. Although Closter is located just 15 miles from New York City, it maintains a local pride in its community, its schools, and in the many services that it offers its residents.

3. MAJOR INITIATIVES: For SY 2020-2021, Closter Public Schools followed two instructional models - hybrid and virtual instruction. Around one-third of the students chose a virtual model from home and the remaining students alternated between in-person and at home every other day. Major support for curriculum and instruction required online versions of all materials. In addition, the student information system changed in 2020-2021 from Genesis to RealTime.

Various programs assisted in delivering the curriculum. Seesaw and Schoology were the primary student management systems while Zoom helped deliver instruction. For math, students continued with Big Ideas and Go Math. For language arts, students used Scholastic News, Learning A-Z, Actively Learn, and other online resources. IXL was used to reinforce math and ELA. Science Dimensions was the 5th grade program and STEMScopes and Gizmos assisted with investigating science concepts. The social studies program used various resources, in particular student materials from The New York Times and NPR. The Cognitive Abilities Test from Riverside Publishing supports the gifted and talented mandate to identify students and needed to be administered two times in 2020-2021, once in the fall because of the lockdown from the spring and again later in the year. The art program made major shifts in its program. Both schools plan for greater use of three dimensional projects including the use of ceramics supported by pottery wheels and a kiln. While most programs were used in previous years, a few were added to support instruction and curriculum.

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 (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by 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, special revenue and debt service funds. Project-length budgets are approved for capital improvements and 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 a reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2021.

6. 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.

7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, pollution liability, commercial automobile, school board legal liability, crime, workers compensation, and surety bonds.

8. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The auditing firm selected by the Board is Lerch, Vinci, Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of NJ OMB Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to Government Auditing Standards and the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS: We would like to express our sincere appreciation to the members of the Closter Board of Education for their prudent fiscal stewardship. Their concerns for fiscal accountability and transparency on behalf of the citizens and taxpayers of Closter should be commended. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office.

Respectfully submitted,

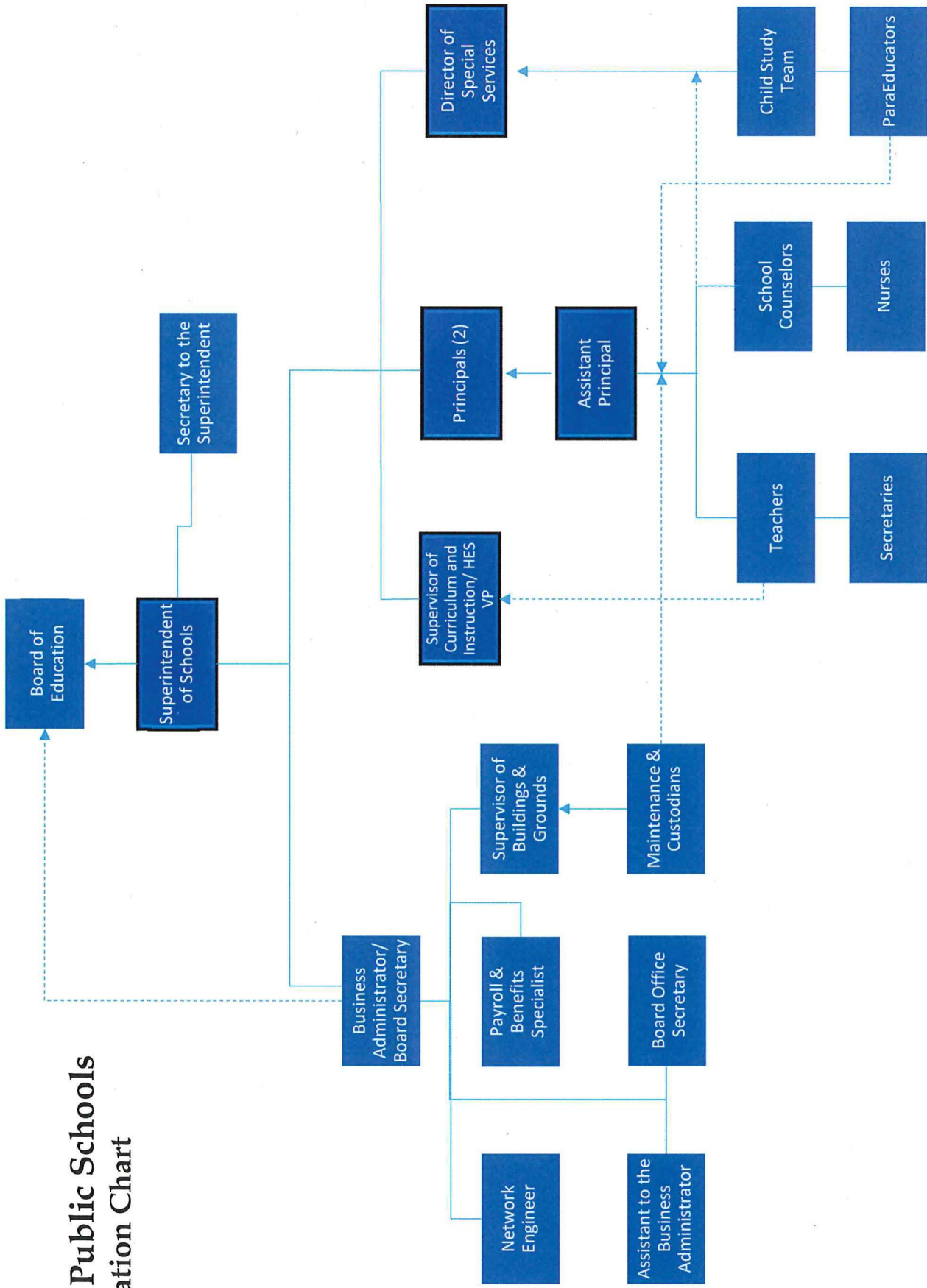


Vincent McHale
Superintendent of Schools
Closter Public Schools



Floro M. Villanueva Jr.
Business Administrator / Board Secretary
Closter Public Schools

Closter Public Schools Organization Chart



Indicates evaluative capacity as defined by ACHIEVE NJ

CLOSTER BOARD OF EDUCATION

BERGEN COUNTY, NEW JERSEY

Roster of Officials

President	Term Expires
Melody Finkelstein	2023
Vice-President	
Magaly Cross	2022
Members of the Board of Education	
Michele Bhagat	2021
Ruchi Kothari	2022
Chris Kwon	2023
Sung Min Lee	2021
Anthony Linn	2021
Janine Micera	2022
Lukshmi Puttanniah	2023
Superintendent of Schools	
Vincent McHale	
School Business Administrator/Board Secretary	
Floro M. Villanueva Jr.	

CLOSTER BOARD OF EDUCATION
Consultants and Advisors

Architect

Di Cara/Rubino
30 Galesi Drive – West Wing
Wayne, NJ 07470

Audit Firm

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

Attorney

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, NJ 07410

Official Depository

Capital One Bank
710 Route 46 East
Fairfield, NJ 07004

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education, as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2021, the Closter Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. Our opinion is not modified with respect to this matter.

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 Closter Board of Education's basic financial statements. The introductory section and individual nonmajor fund financial statements, financial schedules, statistical section 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 Closter Board of Education.

The individual nonmajor 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 individual nonmajor 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.

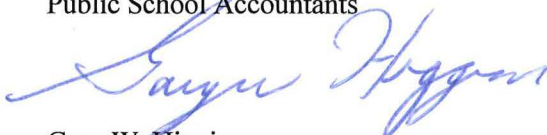
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2022 on our consideration of the Closter 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 Closter 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 Closter 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
March 3, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2021

This discussion and analysis of the Closter School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2021. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements including the 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. Certain comparative information between the current year (2020-2021) and the prior year (2019-2020) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2021 are as follows:

- General revenues accounted for \$20,936,113 or 69 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,316,873 or 31 percent of total revenues of \$30,245,943.
- The School District had \$28,397,549 in total expenses; only \$9,316,873 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$20,936,113 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$26,729,196 in revenues and other financing sources and \$24,772,523 in expenditures. The General Fund's fund balance increased \$1,956,673 from June 30, 2020.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2021

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.

The Statement of Net Position and Statement of Activities provide 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 fund financial statements also look at significant funds with all other non-major funds presented in one total column. 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 2020/21? The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets and deferred outflows of resources and 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 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 is divided into two distinct kinds of activities:

- Governmental Activities – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation, capital outlay, and debt service activities.
- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business-type activity.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2021

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 and Debt Service Fund. The proprietary funds include the Food Service Fund which is a non-major 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.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

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, 2021 and 2020.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2021

**Table 1
Net Position
as of June 30, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u> (Restated)	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets						
Current and Other Assets	\$ 7,302,313	\$ 5,928,160	\$ 1,448	\$ 8,488	\$ 7,303,761	\$ 5,936,648
Capital Assets	<u>13,308,168</u>	<u>13,792,809</u>	<u>-</u>	<u>-</u>	<u>13,308,168</u>	<u>13,792,809</u>
Total Assets	<u>20,610,481</u>	<u>19,720,969</u>	<u>1,448</u>	<u>8,488</u>	<u>20,611,929</u>	<u>19,729,457</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding	8,591	12,885			8,591	12,885
Deferred Amount on Pension Liability	<u>346,160</u>	<u>540,780</u>	<u>-</u>	<u>-</u>	<u>346,160</u>	<u>540,780</u>
Total Deferred Outflows of Resources	<u>354,751</u>	<u>553,665</u>	<u>-</u>	<u>-</u>	<u>354,751</u>	<u>553,665</u>
Liabilities						
Long-Term Liabilities	4,640,801	5,287,232			4,640,801	5,287,232
Other Liabilities	<u>124,840</u>	<u>632,350</u>	<u>-</u>	<u>-</u>	<u>124,840</u>	<u>632,350</u>
Total Liabilities	<u>4,765,641</u>	<u>5,919,582</u>	<u>-</u>	<u>-</u>	<u>4,765,641</u>	<u>5,919,582</u>
Deferred Inflows of Resources						
Deferred Amount on Pension Liability	<u>1,520,611</u>	<u>1,531,506</u>	<u>-</u>	<u>-</u>	<u>1,520,611</u>	<u>1,531,506</u>
Total Deferred Inflows of Resources	<u>1,520,611</u>	<u>1,531,506</u>	<u>-</u>	<u>-</u>	<u>1,520,611</u>	<u>1,531,506</u>
Net Position						
Net Investment in Capital						
Assets	12,506,759	12,725,694			12,506,759	12,725,694
Restricted	4,512,459	3,616,955			4,512,459	3,616,955
Unrestricted	<u>(2,340,238)</u>	<u>(3,519,103)</u>	<u>1,448</u>	<u>8,488</u>	<u>(2,338,790)</u>	<u>(3,510,615)</u>
Total Net Position	<u>\$ 14,678,980</u>	<u>\$ 12,823,546</u>	<u>\$ 1,448</u>	<u>\$ 8,488</u>	<u>\$ 14,680,428</u>	<u>\$ 12,832,034</u>

The District's combined net position was \$14,680,428 and \$12,832,034 on June 30, 2021 and 2020, respectively.

Table 2 shows changes in net position for fiscal years 2021 and 2020.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2021

**Table 2
Changes in Net Position
For the Years Ended June 30, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program Revenues						
Charges for Services	\$ 399,219	\$ 477,638		\$ 7,830	\$ 399,219	\$ 485,468
Grants and Contributions	8,917,654	6,261,406		2,577	8,917,654	6,263,983
General Revenues						
Property Taxes	20,812,655	20,185,772			20,812,655	20,185,772
Other	116,412	114,520	\$ 3	53	116,415	114,573
Total Revenues	<u>30,245,940</u>	<u>27,039,336</u>	<u>3</u>	<u>10,460</u>	<u>30,245,943</u>	<u>27,049,796</u>
Expenses						
Instruction	19,426,504	18,248,264			19,426,504	18,248,264
Support Services						
Student and Instructional Related Svcs.	3,439,990	2,642,524			3,439,990	2,642,524
General and School Administration, Business / Central Services	2,784,613	2,548,642			2,784,613	2,548,642
Plant Operations and Maintenance	2,484,392	2,474,510			2,484,392	2,474,510
Pupil Transportation	233,962	306,668			233,962	306,668
Interest on Debt	28,088	34,521			28,088	34,521
Food Service	-	-	-	4,279	-	4,279
Total Expenses	<u>28,397,549</u>	<u>26,255,129</u>	<u>-</u>	<u>4,279</u>	<u>28,397,549</u>	<u>26,259,408</u>
Change in Net Position Before Transfer	1,848,391	784,207	3	6,181	1,848,394	790,388
Transfers	7,043		(7,043)			
Changes in Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	1,855,434	784,207	(7,040)	6,181	1,848,394	790,388
Beginning of Year, Net Position	<u>12,823,546</u>	<u>11,733,480</u>	<u>8,488</u>	<u>2,307</u>	<u>12,832,034</u>	<u>11,735,787</u>
Prior Period Adjustment	<u>-</u>	<u>305,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,859</u>
Ending of Year, Net Position	<u>\$ 14,678,980</u>	<u>\$ 12,823,546</u>	<u>\$ 1,448</u>	<u>\$ 8,488</u>	<u>\$ 14,680,428</u>	<u>\$ 12,832,034</u>

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2021

Governmental Activities

Property taxes made up 69 and 75 percent of revenues for governmental activities for the Closter School District in the fiscal years 2021 and 2020, respectively. The District's total governmental revenues were \$30,245,940 and \$27,039,336 for the years ended June 30, 2021 and 2020, respectively. Federal, state, and local grants and aid accounted for another 29 and 23 percent of governmental revenue for the years ended June 30, 2021 and 2020, respectively. Charges for services (tuition) made up another 1 and 2 percent for both fiscal years, respectively. The total costs of all governmental programs and services was \$28,397,549 and \$26,255,129 for the years ended June 30, 2021 and 2020, respectively. Instruction comprises 68 and 70 percent of District expenses for the years ended June 30, 2021 and 2020, respectively.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal reimbursements.

- Food service expenses and transfers exceeded revenues by \$7,040.
- Due to the COVID-19 pandemic no services were rendered in the fiscal year ended June 30, 2021.

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 for the fiscal years ended June 30, 2021 and 2020. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3
Total and Net Cost of Services of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction	\$ 19,426,504	\$ 18,248,264	\$ 11,988,708	\$ 12,299,124
Support Services				
Student and Instruction Related Svcs.	3,439,990	2,642,524	2,503,166	2,555,714
General Administration, School Administration, Business / Central Services	2,784,613	2,548,642	2,125,115	2,032,536
Plant Operations and Maintenance	2,484,392	2,474,510	2,308,790	2,382,176
Pupil Transportation	233,962	306,668	126,809	212,014
Interest and Other Charges	28,088	34,521	28,088	34,521
Total	\$ 28,397,549	\$ 26,255,129	\$ 19,080,676	\$ 19,516,085

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2021

Governmental Activities (Cont.)

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

Student and instruction related services 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/central services 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.

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 and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and other financing sources amounted to \$27,590,946 and \$25,884,527 and expenditures were \$25,717,912 and \$24,967,918 for the years ended June 30, 2021 and 2020, respectively. During the fiscal year ended June 30, 2020, revenues exceeded expenses by \$1,880,077.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2021 and 2020.

<u>Revenue</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>June 30, 2021</u>	<u>June 30, 2020</u>		
Local Sources	\$ 21,395,052	\$ 20,838,965	\$ 556,087	2.67%
State Sources	5,705,627	4,696,549	1,009,078	21.49%
Federal Sources	490,267	349,013	141,254	40.47%
Total	<u>\$ 27,590,946</u>	<u>\$ 25,884,527</u>	<u>\$ 1,706,419</u>	6.59%

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2021

The District's Funds (Cont.)

The following schedule represents a summary of the governmental fund expenditures for the fiscal years ended June 30, 2021 and 2020.

<u>Expenditures</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>June 30, 2021</u>	<u>June 30, 2020</u>		
Current				
Instruction	\$ 17,334,889	\$ 17,145,235	\$ 189,654	1.11%
Support Services	7,690,533	7,072,270	618,263	8.74%
Capital Outlay	397,110	443,570	(46,460)	-10.47%
Debt Service:				
Principal	270,000	275,000	(5,000)	-1.82%
Interest	<u>25,380</u>	<u>31,843</u>	<u>(6,463)</u>	-20.30%
Total Expenditures	<u>\$ 25,717,912</u>	<u>\$ 24,967,918</u>	<u>\$ 749,994</u>	3.00%

General Fund Budgeting Highlights

The District's annual school budget is prepared according to New Jersey Statutes. The most significant budgetary fund is the General Fund. The school budget is approved only after an exhaustive review of each appropriation account. The budget – first and foremost – supports student achievement and outstanding academic programs.

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.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2021

Capital Assets

At the end of fiscal years 2021 and 2020, the District's governmental activities had \$13,308,168 and \$13,792,809, respectively invested in land, buildings, furniture, equipment and vehicles, net of accumulated depreciation. Table 4 shows fiscal year 2021 balances compared to 2020.

**Table 4
Capital Assets**

	June 30	
	<u>2021</u>	<u>2020</u>
Land	\$ 26,600	\$ 26,600
Construction in Progress	31,168	
Improvements Other Than Buildings	472,992	395,390
Buildings and Improvements	24,497,950	24,458,980
Machinery and Equipment	1,442,181	1,305,536
	26,470,891	26,186,506
Less: Accumulated Depreciation	(13,162,723)	(12,393,697)
Total	\$ 13,308,168	\$ 13,792,809

Overall capital assets, net of accumulated depreciation, decreased \$484,641 from fiscal year 2020 to fiscal year 2021 as a result of depreciation and losses on disposal of capital assets exceeding capital asset additions.

The Capital Assets of the Business Type Activities of \$15,173 have been fully depreciated as of June 30, 2021 and 2020.

Additional information on Closter School District's Capital Assets can be found in Note 4 of this report.

Debt Administration

At June 30, 2021 and 2020, the District had \$4,640,801 and \$5,287,232, respectively of long-term liabilities. Table 5 reflects the District's outstanding liabilities at June 30, 2021 and 2020.

**Table 5
Outstanding Liabilities**

	June 30	
	<u>2021</u>	<u>2020</u>
2013 Refunding Bonds	\$ 810,000	\$ 1,080,000
Net Pension Liability	3,458,070	3,809,331
Compensated Absences	372,731	397,901
	\$ 4,640,801	\$ 5,287,232
Total	\$ 4,640,801	\$ 5,287,232

At June 30, 2021, the District's overall remaining legal debt margin was \$66,870,123.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2021

Additional information on Closter School District's Long-Term Debt can be found in Note 4 of this report.

For the Future

The Closter Public Schools are thankful for the community's support and for the continued generosity of the Closter PTO. The district's most important goal is student achievement. To that end, the Closter Public Schools make every effort to meet the needs of all its children, despite significant cuts in state aid and unfunded mandates.

The Closter Public Schools are committed to educational excellence and fiscal integrity. Our system for financial planning, budgeting, and internal financial controls is audited annually. The Closter Public Schools shall continue to manage its financial resources prudently in order to meet the education challenges of the 21st century.

Contacting the District's Financial Management

If you have questions about this report or need additional information, please contact the School Business Administrator, Closter Board of Education, 340 Homans Avenue, Closter, NJ 07624.

DISTRICT WIDE FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2021**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 7,236,069	\$ 1,448	\$ 7,237,517
Receivables, net			
Other Accounts Receivable	18,537		18,537
Receivables from Other Governments	47,707	-	47,707
Capital Assets Not Being Depreciated	57,768		57,768
Capital Assets Being Depreciated	13,250,400		13,250,400
	<u>20,610,481</u>	<u>1,448</u>	<u>20,611,929</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding	8,591		8,591
Deferred Amount on Net Pension Liability	346,160		346,160
	<u>354,751</u>	<u>-</u>	<u>354,751</u>
LIABILITIES			
Accounts Payable & Other Liabilities	47,754		47,754
Payable to Governments	43,436		43,436
Unearned Revenue	28,891		28,891
Accrued Interest Payable	4,759		4,759
Noncurrent Liabilities			
Due Within One Year	270,000		270,000
Due Beyond One Year	4,370,801		4,370,801
	<u>4,765,641</u>	<u>-</u>	<u>4,765,641</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	1,520,611		1,520,611
	<u>1,520,611</u>	<u>-</u>	<u>1,520,611</u>
NET POSITION			
Net Investment in Capital Assets	12,506,759		12,506,759
Restricted for:			
Capital Projects	3,990,699		3,990,699
Maintenance	300,000		300,000
Unemployment	177,845		177,845
Scholarships	1,694		1,694
Student Activities	42,221		42,221
Unrestricted	(2,340,238)	1,448	(2,338,790)
	<u>\$ 14,678,980</u>	<u>\$ 1,448</u>	<u>\$ 14,680,428</u>

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

CLOSTER BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities							
Instruction							
Regular	\$ 12,381,161	\$ 149,266	\$ 4,082,614		\$ (8,149,281)		\$ (8,149,281)
Special Education	5,334,451	234,700	2,407,749		(2,692,002)		(2,692,002)
Other Instruction	1,561,645		526,539		(1,035,106)		(1,035,106)
School Sponsored Activities							
and Athletics	149,247	15,253	21,675		(112,319)		(112,319)
Support Services							
Student and Instruction Related Svcs.	3,439,990		936,824		(2,503,166)		(2,503,166)
General Administration Services	648,660		163,162		(485,498)		(485,498)
School Administration Services	1,297,226		408,220		(889,006)		(889,006)
Business/Central Services	838,727		88,116		(750,611)		(750,611)
Plant Operations and Maintenance	2,484,392		175,602		(2,308,790)		(2,308,790)
Pupil Transportation	233,962		107,153		(126,809)		(126,809)
Interest on Long-Term debt	28,088				(28,088)		(28,088)
Total Governmental Activities	28,397,549	399,219	8,917,654	-	(19,080,676)	-	(19,080,676)
Business-Type Activities							
Food Service							
	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-
Total Primary Government	\$ 28,397,549	\$ 399,219	\$ 8,917,654	\$ -	(19,080,676)	-	(19,080,676)
General Revenues:							
Property Taxes, Levied for General Purposes				20,517,275			20,517,275
Property Taxes Levied for Debt Service				295,380			295,380
Interest Earnings				8,611	\$ 3		8,614
Miscellaneous Income				107,801			107,801
Transfers				7,043	(7,043)		-
Total General Revenues and Transfers				20,936,110	(7,040)		20,929,070
Change in Net Position				1,855,434	(7,040)		1,848,394
Net Position, Beginning of Year, Restated				12,823,546	8,488		12,832,034
Net Position, End of Year				\$ 14,678,980	\$ 1,448		\$ 14,680,428

FUND FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 7,164,638	\$ 71,431		\$ 7,236,069
Receivables				
Receivables From Governments	14,557	33,150		47,707
Receivables From Others	<u>18,537</u>	<u>-</u>	<u>-</u>	<u>18,537</u>
Total Assets	<u>\$ 7,197,732</u>	<u>\$ 104,581</u>	<u>\$ -</u>	<u>\$ 7,302,313</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Payables to Governments	\$ 42,470	\$ 966		\$ 43,436
Accounts Payable	11,779	30,809		42,588
Payroll Deductions and Withholdings	5,166			5,166
Unearned Revenue	<u>-</u>	<u>28,891</u>	<u>-</u>	<u>28,891</u>
Total Liabilities	<u>59,415</u>	<u>60,666</u>	<u>-</u>	<u>120,081</u>
Restricted:				
Emergency Reserve	250,000			250,000
Capital Reserve	3,480,699			3,480,699
Capital Reserve - Designated for				
Subsequent Year's Expenditures	510,000			510,000
Maintenance Reserve	300,000			300,000
Excess Surplus	500,000			500,000
Excess Surplus - Designated for				
Subsequent Year's Expenditures	500,000			500,000
Unemployment Compensation	177,845			177,845
Scholarship		1,694		1,694
Student Activities		42,221		42,221
Committed:				
Year-End Encumbrances	514,447			514,447
Assigned:				
Year End Encumbrances	152,687			152,687
Unassigned Fund Balance	<u>752,639</u>	<u>-</u>	<u>-</u>	<u>752,639</u>
Total Fund Balances	<u>7,138,317</u>	<u>43,915</u>	<u>-</u>	<u>7,182,232</u>
Total Liabilities and Fund Balances	<u>\$ 7,197,732</u>	<u>\$ 104,581</u>	<u>\$ -</u>	<u>7,302,313</u>

Total Fund Balances-Governmental Funds (Exhibit B-1) \$ 7,182,232

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$26,470,891 and the accumulated depreciation is \$13,162,723. 13,308,168

The District has financed capital assets through the issuance of Serial Bonds. The interest accrual at year end is: (4,759)

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. 8,591

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.

Deferred Outflows of Resources	\$ 346,160	
Deferred Inflows of Resources	<u>(1,520,611)</u>	(1,174,451)

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

Long-term liabilities at year end consist of the following:

Bonds Payable	(810,000)	
Compensated Absences	(372,731)	
Net Pension Liability	<u>(3,458,070)</u>	<u>(4,640,801)</u>

Net position of governmental activities \$ 14,678,980

**CLOSTER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources				
Property Taxes	\$ 20,517,275		\$ 295,380	\$ 20,812,655
Tuition Charges	383,966			383,966
Interest	8,611			8,611
Miscellaneous	107,801	\$ 82,019	-	189,820
Total - Local Sources	21,017,653	82,019	295,380	21,395,052
State Sources	5,704,500	1,127		5,705,627
Federal Sources	-	490,267	-	490,267
Total Revenues	<u>26,722,153</u>	<u>573,413</u>	<u>295,380</u>	<u>27,590,946</u>
EXPENDITURES				
Current				
Instruction				
Regular Instruction	10,723,095	193,774		10,916,869
Special Education Instruction	4,646,543	269,496		4,916,039
Other Instruction	1,358,943			1,358,943
School Sponsored Activities and Athletics	51,187	91,851		143,038
Support Services				
Student and Instruction Related Services	3,230,088	47,068		3,277,156
General Administration Services	596,223			596,223
School Administration Services	1,163,870			1,163,870
Business/Central Services	750,611			750,611
Plant Operations and Maintenance	1,668,869			1,668,869
Pupil Transportation	233,804			233,804
Debt Service				
Principal			270,000	270,000
Interest and Other Charges			25,380	25,380
Capital Outlay	349,290	47,820	-	397,110
Total Expenditures	<u>24,772,523</u>	<u>650,009</u>	<u>295,380</u>	<u>25,717,912</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,949,630</u>	<u>(76,596)</u>	<u>-</u>	<u>1,873,034</u>
Other Financing Sources (Uses)				
Transfer In	7,043	-	-	7,043
Total Other Financing Sources (Uses)	<u>7,043</u>	<u>-</u>	<u>-</u>	<u>7,043</u>
Net Changes in Fund Balances	1,956,673	(76,596)	-	1,880,077
Fund Balance, Beginning of Year (Restated)	<u>5,181,644</u>	<u>120,511</u>	<u>-</u>	<u>5,302,155</u>
Fund Balance, End of Year	<u>\$ 7,138,317</u>	<u>\$ 43,915</u>	<u>\$ -</u>	<u>\$ 7,182,232</u>

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

**CLOSTER BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total net change in fund balances - governmental funds (Exhibit B-2)	\$	1,880,077
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital asset additions in the period.</p>		
Depreciation Expense	\$ (877,383)	
Capital Outlays	<u>397,110</u>	(480,273)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, donations) is a decrease to net position. There transactions are not reported in the governmental-fund financial statements</p>		
Loss on Disposal of Capital Assets		(4,368)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal Repayments		
Bonds Payable		270,000
<p>Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 2)</p>		
		<u>189,998</u>
Change in net position of governmental activities	\$	<u>1,855,434</u>

**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	Business- Type Activities Enterprise Funds <hr/> Non - Major
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ <u>1,448</u>
Total Current Assets	<u>1,448</u>
Noncurrent Assets	
Machinery and Equipment	15,173
Less Accumulated Depreciation	<u>(15,173)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>1,448</u>
NET POSITION	
Unrestricted	<u>1,448</u>
Total Net Position	<u>\$ 1,448</u>

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

**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Business-Type Activities</u>
	<u>Enterprise Fund</u>
	<u>Non-Major</u>
Nonoperating Revenues	
Interest Earnings	\$ 3
Total Nonoperating Revenues	<u>3</u>
Other Finance Source (Uses)	
Transfer Out	<u>(7,043)</u>
Total Other Finance Source (Use)	<u>(7,043)</u>
Net Change in Net Position	<u>(7,040)</u>
Net Position, Beginning of Year	<u>8,488</u>
Net Position, End of Year	<u>\$ 1,448</u>

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

**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Business-Type Activities
	Enterprise Funds
	Non-Major
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Payments to General Fund	(7,043)
Net Cash Used For Non-Capital Financing Activities	(7,043)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	3
Net Cash Provided By Investing Activities	3
Net Decrease in Cash and Cash Equivalents	(7,040)
Cash and Cash Equivalents—Beginning of Year	8,488
Cash and Cash Equivalents—End of Year	\$ 1,448

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

NOTES TO THE FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Closter Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade eight (8) school district.

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

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

B. New Accounting Standards

During fiscal year 2021, the District adopted the following GASB statement:

- GASB No. 84, *Fiduciary Activities*. 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. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently the District has no fiduciary funds.

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

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

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

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations 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.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

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.

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>
Improvements Other than Buildings	5-20
Buildings	50
Building Improvements	10-20
Machinery and Equipment	5-20

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources

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 a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the difference 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.

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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Differences resulting from debt refundings are classified as deferred inflows of resources or as deferred outflows of resources (delete as applicable). Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Differences 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.

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.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3).

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2021/2022 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 3).

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 3).

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2021 audited excess surplus that is required to be appropriated in the 2022/2023 original budget certified for taxes.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 (Continued)

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

Unemployment Compensation – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District’s election for payment in lieu of contributions (benefit reimbursement method). (See Note 3).

Scholarships – This restriction was created to represent the accumulation of donor restricted funds specifically earmarked for student scholarship awards.

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee’s 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.

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

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

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

In the general operating fund and other governmental funds (special revenue, 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Fund Balance Policies (Continued)*

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2019-2020 and 2020-2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities (Continued)

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”. The details of this difference are as follows:

Compensated Absences	\$ 25,170
Accrued Interest	1,586
Amortization of Deferred Charge on Refunding	(4,294)
Net Pension Expense	<u>167,536</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 189,998</u>

NOTE 3 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 February 13, 2013, the Borough of Closter 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 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$893,176. The increase was funded by the additional appropriation of the emergency reserve, state aid, grant awards, student activity revenues, scholarship donations and the reappropriation of prior year general fund encumbrances.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. 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, 2021 is as follows:

Balance, July 1, 2020		\$ 3,311,096
Increased by:		
Unexpended balances from Capital Outlay	\$ 30,770	
Deposits approved by Board Resolution	<u>1,188,833</u>	
Total Increases		<u>1,219,603</u>
		4,530,699
Decreased by:		
Withdrawals Approved in District Budget		<u>540,000</u>
Balance, June 30, 2021		<u>\$ 3,990,699</u>

The June 30, 2021 LRFP balance of costs of uncompleted capital projects is \$16,912,500. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$510,000 of the capital reserve balance at June 30, 2021 was designated and appropriated for use in the 2021/2022 original budget certified for taxes.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 2021 is as follows:

Balance, July 1, 2020	\$ -
Increased by	
Deposits Approved by Board Resolution	300,000
Balance, June 30, 2021	\$ 300,000

The June 30, 2021 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$813,985.

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, 2021 is as follows:

Balance, July 1, 2020	\$ 224,913
Increased by	
Deposits Approved by Board Resolution	124,572
	349,485
Decreased by:	
Withdrawals Approved by Commissioner of Education	99,485
Balance, June 30, 2021	\$ 250,000

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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 4% 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, 2021 is \$1,000,000. Of this amount, \$500,000 was designated and appropriated in the 2021/2022 original budget certified for taxes and the remaining amount of \$500,000 will be appropriated in the 2022/2023 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$7,237,517 and bank and brokerage firm balances of the Board's deposits amounted to \$7,490,924. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>7,490,924</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, 2021 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2021, the Board had no outstanding investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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 concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

Receivables as of June 30, 2021 for the district’s individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental			
State	\$ 14,557		\$ 14,557
Federal		\$ 33,150	33,150
Local	<u>18,537</u>	<u>-</u>	<u>18,537</u>
Gross Receivables	33,094	33,150	66,244
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 33,094</u>	<u>\$ 33,150</u>	<u>\$ 66,244</u>

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 3,891
Grant Draw Downs Reserve for Encumbrances	<u>25,000</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 28,891</u>

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2021</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 26,600	-	-	\$ 26,600
Construction In Progress	-	\$ 31,168	-	31,168
Total Capital Assets, Not Being Depreciated	<u>26,600</u>	<u>31,168</u>	<u>-</u>	<u>57,768</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	24,458,980	\$ 38,970		24,497,950
Improvements Other Than Buildings	395,390	77,602		472,992
Machinery and Equipment	<u>1,305,536</u>	<u>249,370</u>	\$ (112,725)	<u>1,442,181</u>
Total Capital Assets Being Depreciated	<u>26,159,906</u>	<u>365,942</u>	<u>(112,725)</u>	<u>26,413,123</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(11,199,947)	(739,739)		(11,939,686)
Improvements Other Than Buildings	(243,456)	(15,819)		(259,275)
Machinery and Equipment	<u>(950,294)</u>	<u>(121,825)</u>	108,357	<u>(963,762)</u>
Total Accumulated Depreciation	<u>(12,393,697)</u>	<u>(877,383)</u>	<u>108,357</u>	<u>(13,162,723)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,766,209</u>	<u>(511,441)</u>	<u>(4,368)</u>	<u>13,250,400</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,792,809</u>	<u>\$ (480,273)</u>	<u>\$ (4,368)</u>	<u>\$ 13,308,168</u>

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance July 1, 2020	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2021
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 15,173	-	-	\$ 15,173
Total Capital Assets Being Depreciated	<u>15,173</u>	<u>-</u>	<u>-</u>	<u>15,173</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(15,173)</u>	-	-	<u>(15,173)</u>
Total Accumulated Depreciation	<u>(15,173)</u>	<u>-</u>	<u>-</u>	<u>(15,173)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental Activities:

Instruction		
Regular		\$ 74,310
Other Instruction		<u>33,156</u>
Total Instruction		<u>107,466</u>
Support Services		
School Administrative Services		11,250
Plant Operations and Maintenance		<u>758,667</u>
Total Support Services		<u>769,917</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 877,383</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2021:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Partial Roof Replacement - Hillside	\$ -	\$ 337,998
Total		<u>\$ 337,998</u>

E. Interfund Receivables, Payables, and Transfers

Interfund Transfers

	<u>Transfer In:</u>
	General
	<u>Fund</u>
Transfer Out:	
Food Service -	
Enterprise Fund	<u>\$ 7,043</u>

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

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, 2021 is comprised of the following issue:

\$2,790,000 Bonds, due in annual installment of \$270,000 through April 1, 2024 interest at 2.35%	<u>\$810,000</u>
---	------------------

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Intergovernmental Loan Payable

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2022	\$ 270,000	\$ 19,035	\$ 289,035
2023	270,000	12,690	282,690
2024	270,000	6,345	276,345
Total	<u>\$ 810,000</u>	<u>\$ 38,070</u>	<u>\$ 848,070</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2021 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 67,680,123
Less: Net Debt	<u>810,000</u>
Remaining Borrowing Power	<u>\$ 66,870,123</u>

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2021</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 1,080,000		\$ 270,000	\$ 810,000	\$ 270,000
Net Pension Liability	3,809,331		351,261	3,458,070	
Compensated Absences	397,901	\$ 2,585	27,755	372,731	-
Governmental Activity Long-Term Liabilities	<u>\$ 5,287,232</u>	<u>\$ 2,585</u>	<u>\$ 649,016</u>	<u>\$ 4,640,801</u>	<u>\$ 270,000</u>

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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 Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the Group 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, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	None	\$ 57,020	\$ 61	\$ 64,584	\$ 177,845
2020	None	39,171	1,498	29,438	185,348
2019	None	30,870	2,112	34,446	174,117

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2021, 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, 2021, 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.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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 reaching 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 or TPAF 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 or TPAF on or after November 2, 2008 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$66.0 billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 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 2021.

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, 2021 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 local 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 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 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>
2021	\$ 231,978	\$ 2,897,157	\$ 28,677
2020	205,642	1,822,737	27,696
2019	195,278	1,405,138	23,465

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$0, \$497 and \$615, respectively for PERS and the State contributed \$1,367, \$1,575 and \$1,428, 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 \$751,131 during the fiscal year ended June 30, 2021 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, 2019 through June 30, 2020. 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, 2020 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$3,458,070 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. 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, 2020. At June 30, 2020, the District's proportionate share was .02120 percent, which was an increase of .0006 percent from its proportionate share measured as of June 30, 2019 of .02114 percent.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$64,442 for PERS. The pension contribution made by the District during the current 2020/2021 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, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. 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, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, 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	\$ 62,966	\$ 12,229
Changes of Assumptions	112,184	1,447,927
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	118,200	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>52,810</u>	<u>60,455</u>
Total	<u>\$ 346,160</u>	<u>\$ 1,520,611</u>

At June 30, 2021, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ (462,736)
2023	(387,899)
2024	(221,682)
2025	(83,054)
2026	(19,080)
Thereafter	<u>-</u>
	<u>\$ (1,174,451)</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2020) 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, 2020 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%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

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>
2021	June 30, 2020	7.00%
2020	June 30, 2019	6.28%

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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)

There was no crossover period for the PERS defined benefit plan. Therefore the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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 7.00%, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>4,353,133</u>	\$ <u>3,458,070</u>	\$ <u>2,698,584</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, 2020. A sensitivity analysis specific to the District’s net pension liability at June 30, 2020 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2019 through June 30, 2020. 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, 2020, 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, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,941,857 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, 2021 the State's proportionate share of the net pension liability attributable to the District is \$63,389,956. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. 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, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was .09626 percent, which was an increase of .00548 percent from its proportionate share measured as of June 30, 2019 of .09078 percent.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2020) 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, 2020 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%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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
2021	June 30, 2020	5.40%
2020	June 30, 2019	5.60%

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, 2062
Municipal Bond Rate *	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. 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 5.40%, 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 (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 74,458,927</u>	<u>\$ 63,389,956</u>	<u>\$ 54,199,033</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, 2020. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2020 was not provided by the pension system.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2020. In addition, the plan is administered on a pay-as-you-go basis. 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 multiple-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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2019:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>149,304</u>
Total	<u>366,108</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, 2020 is \$67.8 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, 2019 which were rolled forward to June 30, 2020.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2019 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 \$1.18 billion to the OPEB plan in fiscal year 2020.

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. 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, 2021, 2020 and 2019 were \$907,924, \$797,361 and \$826,791, 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, 2019 through June 30, 2020. 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, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,518,218. 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, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$45,018,501. 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, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was .06639 percent, which was an increase of .00116 percent from its proportionate share measured as of June 30, 2019 of .06523 percent.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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 4.45%
Rate Thereafter	1.55% to 4.45%
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-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

*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, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2020 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.

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>
2021	June 30, 2020	2.21%
2020	June 30, 2019	3.50%

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.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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, 2021 (measurement date June 30, 2020) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>27,218,585</u>
Changes Recognized for the Fiscal Year:	
Service Cost	1,267,641
Interest on the Total OPEB Liability	983,833
Differences Between Expected and Actual Experience	8,085,089
Changes of Assumptions	8,223,333
Gross Benefit Payments	(783,735)
Contributions from the Member	<u>23,755</u>
Net Changes	\$ <u>17,799,916</u>
Balance, June 30, 2020 Measurement Date	\$ <u><u>45,018,501</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020.

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, 2020.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 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 2.21%, 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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>54,272,127</u>	\$ <u>45,018,501</u>	\$ <u>37,783,057</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ <u>36,340,452</u>	\$ <u>45,018,501</u>	\$ <u>55,352,128</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 were not provided by the pension system.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

F. Tax Abatements

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

- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the year ended December 31, 2020 the Borough abated property taxes totaling \$211,099 under the NJHMFA program and received \$73,421 in Pilot payment for the year ended December 31, 2020.

NOTE 6 RESTATEMENT

On July 1, 2020, the Closter Board of Education implemented GASB Statement No. 84 "Fiduciary Activities". The Closter Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

Governmental Activities

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$305,859 from \$12,517,687 as previously reported to \$12,823,546 as of June 30, 2020.

Governmental Funds

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll activities previously reported as fiduciary funds to governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$305,859 from \$4,996,296 as previously reported to \$5,302,155 as of June 30, 2020. General Fund fund balance increased \$185,348 from \$4,996,296 as previously reported to \$5,181,644 as of June 30, 2020. Special Revenue Fund fund balance increased \$120,511 from \$0 as previously reported to \$120,511 as of June 30, 2020.

Fiduciary Funds

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$187,040 from \$187,040 as previously reported to \$0- as of June 30, 2020.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been 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.

Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measure, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the School District. It is too early to predict if the legislation will have its intended affect.

The largest portion of the School District’s revenues is derived from local tax revenues levied by the Borough. In that regard, under applicable State statutes, the Borough annually is required to pay 100% of the amount levied for operations and debt service to the School District regardless of delinquencies in applicable property tax collections. The ability of the Borough to fully collect property taxes on a timely basis may be affected by the economic impact of the Pandemic; however, the District does not anticipate an interruption in the timely collection of property taxes from the Borough.

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 20,517,275		\$ 20,517,275	\$ 20,517,275	
Tuition from Individuals	236,488		236,488	149,266	\$ (87,222)
Tuition from LEAs Within the State	76,125		76,125	234,700	158,575
Interest Earned on Capital Reserve Funds	1,000		1,000		(1,000)
Miscellaneous	40,000	-	40,000	116,412	76,412
Total Local Sources	20,870,888	-	20,870,888	21,017,653	146,765
State Sources					
Extraordinary Aid				561,713	561,713
Categorical Special Education Aid	738,593	\$ (99,485)	639,108	639,108	
Security Aid	91,347		91,347	91,347	
Transportation Aid	93,632		93,632	93,632	
Non Public Transportation Reimbursement				14,557	14,557
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				751,131	751,131
TPAF Post Retirement Medical Contribution (Non-Budgeted)				907,924	907,924
TPAF Pension - Normal Costs (Non-Budgeted)				2,843,064	2,843,064
TPAF Pension - LTDI Premium (Non-Budgeted)				1,367	1,367
TPAF Pension - NCGI Premium (Non-Budgeted)	-	-	-	54,093	54,093
Total State Sources	923,572	(99,485)	824,087	5,957,936	5,133,849
Total Revenues	21,794,460	(99,485)	21,694,975	26,975,589	5,280,614
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	148,148	3,000	151,148	149,002	2,146
Kindergarten	697,200	(83,632)	613,568	592,173	21,395
Grades 1-5	3,313,792	(26,000)	3,287,792	3,192,498	95,294
Grades 6-8	2,037,768	(2,500)	2,035,268	1,943,243	92,025
Regular Programs - Home Instruction					
Salaries of Teachers	7,000		7,000		7,000
Purchased Professional/Educational Services	3,000	(750)	2,250		2,250
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	426,350	(48,500)	377,850	296,113	81,737
Purchased Professional/Educational Services	22,000	(5,000)	17,000	3,000	14,000
Purchased Technical Services	90,550	(400)	90,150	64,257	25,893
Other Purchased Services	156,500	40,945	197,445	173,275	24,170
General Supplies	242,918	400,472	643,390	483,782	159,608
Textbooks	53,800	(10,175)	43,625	37,082	6,543
Other Objects	6,000	900	6,900	1,397	5,503
Total Regular Programs	7,205,026	268,360	7,473,386	6,935,822	537,564
Learning and/or Language Disabilities					
Salaries of Teachers	197,944	41,500	239,444	238,767	677
Other Salaries for Instruction	129,522	(15,950)	113,572	88,346	25,226
General Supplies	2,000	2,200	4,200	4,131	69
Total Learning and/or Language Disabilities	329,466	27,750	357,216	331,244	25,972
Resource Room/Resource Center					
Salaries of Teachers	1,222,704	(12,000)	1,210,704	1,133,700	77,004
General Supplies	7,500	3,384	10,884	9,796	1,088
Total Resource Room/Resource Center	1,230,204	(8,616)	1,221,588	1,143,496	78,092
Autism					
Salaries of Teachers	84,335	1,700	86,035	84,975	1,060
Other Salaries for Instruction	35,751	(1,700)	34,051	32,157	1,894
General Supplies	1,000	(25)	975	312	663
Total Preschool Disabilities - Full-Time	121,086	(25)	121,061	117,444	3,617
Preschool Disabilities - Full - Time					
Salaries of Teachers	213,134	5,047	218,181	213,578	4,603
Other Salaries for Instruction	257,163	(90,000)	167,163	150,242	16,921
General Supplies	18,910	262	19,172	18,889	283
Total Preschool Disabilities - Full-Time	489,207	(84,691)	404,516	382,709	21,807
Total Special Education	2,169,963	(65,582)	2,104,381	1,974,893	129,488

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 499,855	\$ 500	\$ 500,355	\$ 481,085	\$ 19,270
General Supplies	4,000	(1,960)	2,040	1,643	397
Total Basic Skills/Remedial	503,855	(1,460)	502,395	482,728	19,667
Bilingual Education					
Salaries of Teachers	350,569	4,000	354,569	353,558	1,011
General Supplies	2,350	-	2,350	574	1,776
Total Bilingual Education	352,919	4,000	356,919	354,132	2,787
School Sponsored Co/Extra Curricular Activities-Instruction					
Salaries	47,531	570	48,101	17,130	30,971
Supplies and Materials	5,000	(570)	4,430	300	4,130
Other Objects	2,000	-	2,000	650	1,350
Total School Sponsored Co/Extra Curricular Activities-Instruction	54,531	-	54,531	18,080	36,451
School Sponsored Athletics-Instruction					
Salaries	25,650		25,650	8,993	16,657
Purchased Services	4,450		4,450		4,450
Supplies and Materials	2,000		2,000		2,000
Other Objects	500	-	500	-	500
Total School Sponsored Athletics-Instruction	32,600	-	32,600	8,993	23,607
Summer School-Instruction					
Salaries of Teachers	33,500		33,500	10,850	22,650
Other Salaries for Instruction	6,500		6,500	1,061	5,439
Supplies and Materials	500	-	500	-	500
Total Summer School-Instruction	40,500	-	40,500	11,911	28,589
Summer School-Support Services					
Salaries	4,500	-	4,500	1,625	2,875
Total Summer School-Support Services	4,500	-	4,500	1,625	2,875
Total Instruction	10,363,894	205,318	10,569,212	9,788,184	781,028

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/in State - Special	\$ 1,251,749	\$ (73,989)	\$ 1,177,760	\$ 956,975	\$ 220,785
Tuition to CSSD and Regional Day Schools	212,096	1,500	213,596	207,262	6,334
Tuition to APSSD - W/I State	324,037	4,000	328,037	324,299	3,738
Total Undistributed Expenditures - Instruction	1,787,882	(68,489)	1,719,393	1,488,536	230,857
Attendance and Social Work					
Salaries	75,719		75,719	48,413	27,306
Purchased Professional and Technical Services	4,600	(3,100)	1,500	-	1,500
Total Attendance and Social Work	80,319	(3,100)	77,219	48,413	28,806
Health Services					
Salaries	166,292	980	167,272	159,446	7,826
Purchased Professional and Technical Services	3,000		3,000	2,605	395
Purchased Services	4,200	5,142	9,342	4,179	5,163
Supplies and Materials	7,900	34,406	42,306	29,620	12,686
Total Health Services	181,392	40,528	221,920	195,850	26,070
Speech, OT, PT & Related Services					
Salaries	289,338	(7,605)	281,733	248,716	33,017
Other Purchased Services		2,655	2,655	2,277	378
Supplies and Materials	2,200	(165)	2,035	1,749	286
Total Speech, OT, PT & Related Services	291,538	(5,115)	286,423	252,742	33,681
Other Support Services - Students - Extra Services					
Salaries	213,158	166,000	379,158	347,887	31,271
Purchased Professional-Educational Services	405,000	50,000	455,000	198,480	256,520
Supplies and Materials	3,900	-	3,900	1,469	2,431
Other Objects	500	-	500	-	500
Total Other Supp.Serv. Student - Extra Services	622,558	216,000	838,558	547,836	290,722
Other Supp. Serv. - Students - Regular (Guidance)					
Salaries of Other Professional Staff	177,219	1,100	178,319	176,263	2,056
Purchased Professional-Educational Services	4,600	(1,500)	3,100	-	3,100
Supplies and Materials	1,200		1,200	533	667
Other Objects	200	-	200	-	200
Total Guidance	183,219	(400)	182,819	176,796	6,023
Child Study Teams					
Salaries of Other Professional Staff	408,843	(6,600)	402,243	401,016	1,227
Salaries of Secretarial and Clerical Assistants	84,246	6,400	90,646	85,499	5,147
Purchased Professional-Educational Services	110,000	(2,132)	107,868	103,580	4,288
Other Purchased Professional and Technical Services	13,600	(4,252)	9,348	6,650	2,698
Other Purchased Services	500	(225)	275	-	275
Supplies and Materials	7,500	(775)	6,725	4,864	1,861
Other Objects	1,600	25	1,625	1,620	5
Total Child Study Teams	626,289	(7,559)	618,730	603,229	15,501
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	77,148	8,500	85,648	84,839	809
Salaries of Other Professional Staff	10,000	106	10,106	9,126	980
Purchased Professional-Educational Services	56,000		56,000	56,000	-
Other Purchased Professional and Technical Services	7,850	(3,106)	4,744	-	4,744
Other Purchased Services	500		500	-	500
Supplies and Materials	500		500	-	500
Other Objects	800	-	800	139	661
Total Improvement of Instructional Services	152,798	5,500	158,298	150,104	8,194

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media/School Library					
Salaries	\$ 164,893	\$ 1,053	\$ 165,946	\$ 164,586	\$ 1,360
Purchased Professional and Technical Services	2,750	675	3,425	3,270	155
Other Purchased Services	8,000	100	8,100	6,018	2,082
Supplies and Materials	13,900	(100)	13,800	5,428	8,372
Total Educational Media/School Library	189,543	1,728	191,271	179,302	11,969
Instructional Staff Training Services					
Purchased Professional-Educational Services	42,000	(12,000)	30,000	16,428	13,572
Other Purchased Professional and Technical Services	10,300	460	10,760	5,960	4,800
Other Purchased Services	11,000		11,000	4,100	6,900
Supplies and Materials	4,500	-	4,500	-	4,500
Total Instructional Staff Training Services	67,800	(11,540)	56,260	26,488	29,772
Support Services General Administration					
Salaries	275,632		275,632	274,088	1,544
Legal Services	29,450		29,450	18,541	10,909
Audit Fees	26,000		26,000	22,278	3,722
Architectural/Engineering Services	12,500	(5,300)	7,200	3,280	3,920
Other Purchased Professional Services	9,000	1,096	10,096	9,745	351
Purchased Technical Services	2,700		2,700	1,708	992
Communications/Telephone	42,100		42,100	38,099	4,001
BOE Other Purchased Services	3,800		3,800	398	3,402
Miscellaneous Purchased Services	28,000	5,904	33,904	31,952	1,952
General Supplies	5,000	(3,200)	1,800	157	1,643
BOE In-House Training/Meeting Supplies	1,750	3,400	5,150	4,839	311
Miscellaneous Expenditures	4,500		4,500	1,248	3,252
BOE Membership Dues and Fees	9,000	-	9,000	8,296	704
Total Support Services General Administration	449,432	1,900	451,332	414,629	36,703
Support Services School Administration					
Salaries of Principals/Asst. Principals	431,363	(4,550)	426,813	425,685	1,128
Salaries of Other Professional Staff	142,314	(2,000)	140,314	140,250	64
Salaries of Secretarial and Clerical Assistants	130,466	3,100	133,566	133,411	155
Other Purchased Services	10,800	(7,500)	3,300	2,305	995
Supplies and Materials	12,900		12,900	22,113	7,732
Other Objects	10,900	5,000	15,900	14,885	1,015
Total Support Services School Administration	738,743	10,995	749,738	738,649	11,089
Central Services					
Salaries	352,978	(3,000)	349,978	349,401	577
Purchased Technical Services	23,000	3,100	26,100	26,092	8
Miscellaneous Purchased Services	8,400	(2,100)	6,300	4,165	2,135
Supplies and Materials	5,000	4,000	9,000	6,046	2,954
Miscellaneous Expenditures	2,400	-	2,400	2,192	208
Total Central Services	391,778	2,000	393,778	387,896	5,882
Admin. Info. Tech.					
Salaries	108,737		108,737	107,811	926
Purchased Technical Services	55,160	(3,800)	51,360	30,487	20,873
Other Purchased Services	650		650	92	558
Supplies and Materials	5,000	13,697	18,697	18,347	350
Total Admin. Info. Tech.	169,547	9,897	179,444	156,737	22,707

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 163,660		\$ 163,660	\$ 160,706	\$ 2,954
Cleaning, Repair and Maintenance Services	105,000	\$ 28,000	133,000	93,186	39,814
General Supplies	40,000	29,575	69,575	59,906	9,669
Other Objects	1,500	200	1,700	1,652	48
Total Required Maintenance for School Facilities	310,160	57,775	367,935	315,450	52,485
Custodial Services					
Salaries	540,745	19,800	560,545	518,780	41,765
Salaries of Non-Instructional Aides	186,423	(75,397)	111,026	1,877	109,149
Purchased Professional and Technical Services	6,400	(2,200)	4,200		4,200
Cleaning, Repair and Maintenance Services	9,500		9,500	5,763	3,737
Rental of Land & Building Other than Lease Purchase Agreement	9,000	2,800	11,800	9,502	2,298
Other Purchased Property Services	16,600		16,600	14,455	2,145
Insurance	147,136	5,000	152,136	152,004	132
Miscellaneous Purchased Services	200	-	200	180	20
General Supplies	37,000	57,096	94,096	71,003	23,093
Energy (Natural Gas)	119,000		119,000	74,224	44,776
Energy (Electricity)	245,000	(5,600)	239,400	127,089	112,311
Energy (Gasoline)	3,500		3,500	2,028	1,472
Other Objects	2,500	-	2,500	52	2,448
Total Custodial Services	1,323,004	1,499	1,324,503	976,957	347,546
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Service	63,000	16,660	79,660	46,741	32,919
General Supplies	6,000	-	6,000	3,501	2,499
Total Care and Upkeep of Grounds	69,000	16,660	85,660	50,242	35,418
Security					
Purchased Professional and Technical Services	3,500		3,500	571	2,929
Cleaning, Repair and Maintenance Service	8,000	(6,000)	2,000		2,000
General Supplies	7,400	18,600	26,000	18,689	7,311
Total Security	18,900	12,600	31,500	19,260	12,240
Student Transportation Services					
Salaries of Non-Instructional Aides	9,297		9,297	2,111	7,186
Contracted Services - Aid In Lieu of Payments-Non-Public Schools	55,000		55,000	32,505	22,495
Contracted Services (Between Home and School) - Vendors	35,000		35,000	32,130	2,870
Contracted Services (Other Than Between Home and School) - Vendors	26,000	(8,265)	17,735		17,735
Contracted Services (Between Home and School) - Joint Agreements		8,265	8,265	8,265	-
Contracted Services (Special Education Students) - Joint Agreements	250,000	-	250,000	157,843	92,157
Total Student Transportation Services	375,297	-	375,297	232,854	142,443
Unallocated Benefits- Employee Benefits					
Social Security Contributions	247,000		247,000	212,722	34,278
Other Retirement Contributions - PERS	238,000		238,000	236,427	1,573
Other Retirement Contribution - Regular	29,000		29,000	28,677	323
Unemployment Compensation (Non-Budgeted)				7,503	(7,503)
Worker's Compensation	105,612	(5,000)	100,612	70,557	30,055
Health Benefits	2,962,174	(198,259)	2,763,915	2,477,149	286,766
Tuition Reimbursement	15,000	-	15,000	11,382	3,618
Other Employee Benefits	6,440	(2,895)	3,545	2,332	1,213
Unused Sick Payment to Terminated/Retired Staff	25,000	3,000	28,000	27,755	245
Total Unallocated Benefits	3,628,226	(203,154)	3,425,072	3,074,504	350,568

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
TPAF Post-Retirement Medical Contribution (Non-Budgeted)				\$ 907,924	\$ (907,924)
TPAF Pension Contribution-Normal Costs (Non-Budgeted)				2,843,064	(2,843,064)
TPAF Pension Contribution-LTDI Premium (Non-Budgeted)				1,367	(1,367)
TPAF Pension Contribution-NCGI Premium (Non-Budgeted)				54,093	(54,093)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	751,131	(751,131)
Total Undistributed Expenditures	\$ 11,657,425	\$ 77,725	\$ 11,735,150	14,594,053	(2,858,903)
Total Current Expenditures	22,021,319	283,043	22,304,362	24,382,237	(2,077,875)
CAPITAL OUTLAY					
EQUIPMENT					
Instruction					
Grades 1-5	41,200	169,317	210,517	120,425	90,092
Resource Room/Resource Center	11,000	100,411	111,411	43,602	67,809
Preschool Disabilities - Full-Time	5,000	(5,000)			
Undistributed Expenditures - Health		5,105	5,105	5,105	-
Undistributed Expenditures - Required Maintenance for School Facilities		56,062	56,062	51,885	4,177
Undistributed Expenditures - Custodial Services	-	5,237	5,237	5,237	-
Total Equipment	57,200	331,132	388,332	226,254	162,078
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		41,798	41,798	32,519	9,279
Construction Services	540,000	(56,660)	483,340	116,572	366,768
Assessment for Debt Service on SDA Funding	14,941	-	14,941	14,941	-
Total Facilities Acquisition and Construction Services	554,941	(14,862)	540,079	164,032	376,047
Interest Deposit to Capital Reserve	1,000	-	1,000	-	1,000
Total Capital Outlay	613,141	316,270	929,411	390,286	539,125
Total General Fund Expenditures	22,634,460	599,313	23,233,773	24,772,523	(1,538,750)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(840,000)	(698,798)	(1,538,798)	2,203,066	3,741,864
Other Financing Sources (Uses)					
Transfer In - Enterprise Fund	-	-	-	7,043	7,043
Total Other Financing Sources (Uses)	-	-	-	7,043	7,043
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(840,000)	(698,798)	(1,538,798)	2,210,109	3,748,907
Fund Balance, Beginning of Year	5,560,437	-	5,560,437	5,560,437	-
Fund Balance, End of Year	\$ 4,720,437	\$ (698,798)	\$ 4,021,639	\$ 7,770,546	\$ 3,748,907
Recapitulation					
Restricted:					
Emergency Reserve				\$ 250,000	
Capital Reserve				3,480,699	
Capital Reserve - Designated for Subsequent Year's Expenditures				510,000	
Maintenance Reserve				300,000	
Excess Surplus:					
Prior Year - Designated for Subsequent Year's Expenditures				500,000	
Current Year				500,000	
Unemployment Compensation				177,845	
Committed:					
Year-End Encumbrances				514,447	
Assigned:					
Year End Encumbrances				152,687	
Unassigned Fund Balance				<u>1,384,868</u>	
				7,770,546	
Reconciliation to Governmental Fund Statements (GAAP)					
Receivables Not Recognized by GAAP					
Final State Aid Payments				(70,516)	
Extraordinary Aid				<u>(561,713)</u>	
Fund Balance, Governmental Statements (GAAP Basis)				\$ 7,138,317	

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers / Modification</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 289,295	225,972	\$ 515,267	\$ 515,267	
State Sources		1,127	1,127	1,127	
Local Sources	-	66,764	66,764	82,019	\$ 15,255 Note 1
Total Revenues	<u>289,295</u>	<u>293,863</u>	<u>583,158</u>	<u>598,413</u>	<u>15,255</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	56,300	79,910	136,210	136,210	
Purchased Services		16,984	16,984	16,984	
Tuition	213,182	56,314	269,496	269,496	
Textbooks		489	489	489	
Instructional Supplies	108	64,983	65,091	65,091	
Student Activities	-	-	-	91,851	(91,851) Note 1
Total Instruction	<u>269,590</u>	<u>218,680</u>	<u>488,270</u>	<u>580,121</u>	<u>(91,851)</u>
Support Services:					
Employee Benefits	19,705	11,104	30,809	30,809	
Purchased Professional Technical Service		638	638	638	
Supplies and Materials	-	15,621	15,621	15,621	-
Total Support Services	<u>19,705</u>	<u>27,363</u>	<u>47,068</u>	<u>47,068</u>	<u>-</u>
Facilities Acquisition and Constructions Services:					
Non-Instructional Equipment	-	47,820	47,820	47,820	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>47,820</u>	<u>47,820</u>	<u>47,820</u>	<u>-</u>
Total Expenditures	<u>289,295</u>	<u>293,863</u>	<u>583,158</u>	<u>675,009</u>	<u>(91,851)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(76,596)</u>	<u>(76,596)</u>
Fund Balance, July 1 (Restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,511</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,915</u>	<u>\$ (76,596)</u>

Note 1 - Not required to budget for these funds.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 26,975,589	\$ 598,413
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2021		(25,000)
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes - Prior Year	378,793	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(632,229)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 26,722,153</u>	<u>\$ 573,413</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 24,772,523</u>	<u>\$ 675,009</u>
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2021	<u>-</u>	<u>(25,000)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 24,772,523</u>	<u>\$ 650,009</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION INFORMATION
AND
OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Eight Fiscal Years ***

	<u>2021</u>	<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)	0.02121%	0.02114%	0.02085%	0.02108%	0.02109%	0.02283%	0.02173%	0.02086%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,458,070</u>	<u>\$ 3,809,331</u>	<u>\$ 4,104,566</u>	<u>\$ 4,906,944</u>	<u>\$ 6,245,235</u>	<u>\$ 5,125,484</u>	<u>\$ 4,069,200</u>	<u>\$ 3,986,130</u>
District's Covered Payroll	<u>\$ 1,473,795</u>	<u>\$ 1,489,893</u>	<u>\$ 1,471,224</u>	<u>\$ 1,401,879</u>	<u>\$ 1,450,556</u>	<u>\$ 1,444,539</u>	<u>\$ 1,438,877</u>	<u>\$ 1,444,074</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	235%	256%	279%	350%	431%	355%	283%	276%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	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.

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Eight Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 231,978	\$ 205,642	\$ 207,355	\$ 195,278	\$ 187,330	\$ 196,300	\$ 180,567	\$ 158,190
Contributions in Relation to the Contractually Required Contributions	<u>231,978</u>	<u>205,642</u>	<u>207,355</u>	<u>195,278</u>	<u>187,330</u>	<u>196,300</u>	<u>180,567</u>	<u>158,190</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 1,422,858</u>	<u>\$ 1,473,795</u>	<u>\$ 1,489,893</u>	<u>\$ 1,471,224</u>	<u>\$ 1,401,879</u>	<u>\$ 1,450,556</u>	<u>\$ 1,444,539</u>	<u>\$ 1,438,877</u>
Contributions as a Percentage of Covered Payroll	16.30%	13.95%	13.92%	13.27%	13.36%	13.53%	12.50%	10.99%

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.

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

**TEACHERS PENSION AND ANNUITY FUND
Last Eight Fiscal Years ***

	<u>2021</u>	<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%	0%	0%	0%	0%	0%	0%	0%
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>63,389,956</u>	<u>55,710,729</u>	<u>59,263,312</u>	<u>62,614,967</u>	<u>73,284,063</u>	<u>57,612,766</u>	<u>49,936,169</u>	<u>46,868,652</u>
Total	\$ <u>63,389,956</u>	\$ <u>55,710,729</u>	\$ <u>59,263,312</u>	\$ <u>62,614,967</u>	\$ <u>73,284,063</u>	\$ <u>57,612,766</u>	\$ <u>49,936,169</u>	\$ <u>46,868,652</u>
District's Covered Payroll	<u>\$ 10,391,285</u>	<u>\$ 10,476,985</u>	<u>\$ 10,258,151</u>	<u>\$ 9,698,834</u>	<u>\$ 9,481,470</u>	<u>\$ 9,317,249</u>	<u>\$ 9,350,572</u>	<u>\$ 9,307,551</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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.48%	25.41%	22.33%	28.74%	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.

**CLOSTER 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, 2021**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5D.

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

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Four Fiscal Years*

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 1,267,641	\$ 1,136,599	\$ 1,285,262	\$ 1,568,114
Interest on the Total OPEB Liability	983,833	1,180,556	1,245,270	1,068,374
Differences Between Expected and Actual Experience	8,085,089	(4,463,907)	(2,455,140)	
Changes of Assumptions	8,223,333	405,831	(3,416,287)	(4,475,998)
Gross Benefit Payments	(783,735)	(835,529)	(796,046)	(661,790)
Contribution from the Member	<u>23,755</u>	<u>24,767</u>	<u>27,513</u>	<u>24,369</u>
Net Change in Total OPEB Liability	17,799,916	(2,551,683)	(4,109,428)	(2,476,931)
Total OPEB Liability - Beginning	<u>27,218,585</u>	<u>29,770,268</u>	<u>33,879,696</u>	<u>36,356,627</u>
Total OPEB Liability - Ending	<u>\$ 45,018,501</u>	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
District's Proportionate Share	\$0	\$0	\$0	\$0
State's Proportionate Share	<u>\$ 45,018,501</u>	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
Total OPEB Liability - Ending	<u>\$ 45,018,501</u>	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
Covered Payroll	<u>\$ 11,865,080</u>	<u>\$ 11,966,878</u>	<u>\$ 11,729,375</u>	<u>\$ 11,100,713</u>
District's Proportionate Share of OPEB Liability as a Percentage of Covered Payroll:	0.00%	0.00%	0.00%	0.00%

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.

**CLOSTER 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, 2021**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 5E.

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Every Student Succeeds Act (E. S. S. A.)		I. D. E. A.		Non-Public State Aid	Handicapped Serv. (Chapter 193)	Total Exhibit E-1a	Total
	Title I Part A	Part B Basic	Part B Preschool	Textbook	Corrective Speech			
REVENUES:								
Federal Sources	\$ 107,831	\$ 258,232	\$ 11,264				\$ 137,940	\$ 515,267
State Sources				\$ 489	\$ 638			1,127
Local Sources	-	-	-	-	-		82,019	82,019
Total Revenues	107,831	258,232	11,264	489	638		219,959	598,413
EXPENDITURES:								
Instruction:								
Salaries of Teachers	77,022						59,188	136,210
Purchased Services							16,984	16,984
Tuition		258,232	11,264					269,496
Textbooks				489				489
Instructional Supplies							65,091	65,091
Student Activities	-	-	-	-	-		91,851	91,851
Total Instruction	77,022	258,232	11,264	489	-		233,114	580,121
Support Services:								
Employee Benefits	30,809							30,809
Purchased Professional Technical Service						638		638
Supplies and Materials	-	-	-	-	-	-	15,621	15,621
Total Support Services	30,809	-	-	-	-	638	15,621	47,068
Facilities Acquisition and Constructions Services:								
Non-Instructional Equipment	-	-	-	-	-	-	47,820	47,820
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	47,820	47,820
Total Expenditures	107,831	258,232	11,264	489	638		296,555	675,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	(76,596)	(76,596)
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	120,511	120,511
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,915	\$ 43,915

CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Education Stabilization Fund</u>	<u>Coronavirus Relief Fund</u>			<u>Student Activities / Athletics</u>	<u>Scholarship</u>	<u>Local</u>	<u>Total Exhibit E-1a</u>
	<u>CARES Emergency Relief</u>	<u>Coronavirus Relief Fund</u>	<u>Bergen County CARES Act</u>	<u>Nonpublic Technology Fund</u>				
REVENUES:								
Federal Sources	\$ 81,687	\$ 30,905	\$ 25,000	\$ 348				\$ 137,940
Local Sources	-	-	-	-	\$ 15,253	\$ 2	\$ 66,764	82,019
Total Revenues	<u>81,687</u>	<u>30,905</u>	<u>25,000</u>	<u>348</u>	<u>15,253</u>	<u>2</u>	<u>66,764</u>	<u>219,959</u>
EXPENDITURES:								
Instruction:								
Salaries of Teachers	59,188							59,188
Purchased Services							16,984	16,984
Instructional Supplies	22,499	17,244	25,000	348				65,091
Student Activities	-	-	-	-	91,851	-	-	91,851
Total Instruction	<u>81,687</u>	<u>17,244</u>	<u>25,000</u>	<u>348</u>	<u>91,851</u>	<u>-</u>	<u>16,984</u>	<u>233,114</u>
Support Services:								
Supplies and Materials	-	13,661	-	-	-	-	1,960	15,621
Total Support Services	<u>-</u>	<u>13,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,960</u>	<u>15,621</u>
Facilities Acquisition and Constructions Services:								
Non-Instructional Equipment	-	-	-	-	-	-	47,820	47,820
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,820</u>	<u>47,820</u>
Total Expenditures	<u>81,687</u>	<u>30,905</u>	<u>25,000</u>	<u>348</u>	<u>91,851</u>	<u>-</u>	<u>66,764</u>	<u>296,555</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(76,598)</u>	<u>2</u>	<u>-</u>	<u>(76,596)</u>
Fund Balance, July 1 (Restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,819</u>	<u>1,692</u>	<u>-</u>	<u>120,511</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,221</u>	<u>\$ 1,694</u>	<u>\$ -</u>	<u>\$ 43,915</u>

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>School</u>	<u>Balance July 1, 2020</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2021</u>
ELEMENTARY SCHOOL				
Hillside	\$ 36,176	\$ 10,269	\$ 22,692	\$ 23,753
MIDDLE SCHOOL				
Tenakill	<u>82,643</u>	<u>4,984</u>	<u>69,159</u>	<u>18,468</u>
Total	<u>\$ 118,819</u>	<u>\$ 15,253</u>	<u>\$ 91,851</u>	<u>\$ 42,221</u>

CAPITAL PROJECTS FUND

NOT APPLICABLE

ENTERPRISE FUND

NOT APPLICABLE

INTERNAL SERVICE FUND

EXHIBITS G-4, G-5 AND G-6

NOT APPLICABLE

FIDUCIARY FUND

NOT APPLICABLE

LONG-TERM DEBT

**CLOSTER BOARD OF EDUCATION
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<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, 2020</u>	<u>Retirements</u>	<u>Balance, June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>				
School Refunding Bonds	8/1/2013	\$ 2,790,000	4/1/22	\$ 270,000	2.350 %			
			4/1/23	270,000	2.350			
			4/1/24	270,000	2.350	<u>\$ 1,080,000</u>	<u>\$ 270,000</u>	<u>\$ 810,000</u>
						<u>\$ 1,080,000</u>	<u>\$ 270,000</u>	<u>\$ 810,000</u>

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

**CLOSTER BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 295,380	-	\$ 295,380	\$ 295,380	-
Total Revenues	<u>295,380</u>	<u>-</u>	<u>295,380</u>	<u>295,380</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	25,380		25,380	25,380	
Redemption of Principal	<u>270,000</u>	-	<u>270,000</u>	<u>270,000</u>	-
Total Regular Debt Service	<u>295,380</u>	<u>-</u>	<u>295,380</u>	<u>295,380</u>	<u>-</u>
Total Expenditures	<u>295,380</u>	<u>-</u>	<u>295,380</u>	<u>295,380</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

This part of the Closter's 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.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
			(1)						(Restated)	
Governmental activities										
Net Investment in Capital Assets	\$ 8,356,593	\$ 8,869,125	\$ 9,814,001	\$ 11,006,875	\$ 11,988,061	\$ 12,698,521	\$ 12,857,332	\$ 12,859,089	\$ 12,725,694	\$ 12,506,759
Restricted	1,922,610	2,125,103	2,590,536	2,826,876	2,929,437	2,096,757	2,465,334	2,767,421	3,616,955	4,512,459
Unrestricted	1,270,228	1,554,013	(2,721,410)	(2,949,655)	(3,286,663)	(3,162,132)	(3,840,268)	(3,893,030)	(3,519,103)	(2,340,238)
Total governmental activities net position	\$ 11,549,431	\$ 12,548,241	\$ 9,683,127	\$ 10,884,096	\$ 11,630,835	\$ 11,633,146	\$ 11,482,398	\$ 11,733,480	\$ 12,823,546	\$ 14,678,980
Business-type activities										
Net Investment in Capital Assets										
Restricted										
Unrestricted	\$ 6,198	\$ 4,609	\$ 7,490	\$ 6,837	\$ 8,615	\$ 8,922	\$ 21,345	\$ 2,307	\$ 8,488	\$ 1,448
Total business-type activities net position	\$ 6,198	\$ 4,609	\$ 7,490	\$ 6,837	\$ 8,615	\$ 8,922	\$ 21,345	\$ 2,307	\$ 8,488	\$ 1,448
District-wide										
Net Investment in Capital Assets	\$ 8,356,593	\$ 8,869,125	\$ 9,814,001	\$ 11,006,875	\$ 11,988,061	\$ 12,698,521	\$ 12,857,332	\$ 12,859,089	\$ 12,725,694	\$ 12,506,759
Restricted	1,922,610	2,125,103	2,590,536	2,826,876	2,929,437	2,096,757	2,465,334	2,767,421	3,616,955	4,512,459
Unrestricted	1,276,426	1,558,622	(2,713,920)	(2,942,818)	(3,278,048)	(3,153,210)	(3,818,923)	(3,890,723)	(3,510,615)	(2,338,790)
Total district net position	\$ 11,555,629	\$ 12,552,850	\$ 9,690,617	\$ 10,890,933	\$ 11,639,450	\$ 11,642,068	\$ 11,503,743	\$ 11,735,787	\$ 12,832,034	\$ 14,680,428

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

Note 2 - Net Position at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

CLOSTER BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 8,416,751	\$ 9,082,284	\$ 8,910,684	\$ 10,553,914	\$ 11,595,317	\$ 13,109,487	\$ 13,159,162	\$ 11,993,524	\$ 11,542,724	\$ 12,381,161
Special education	2,417,396	2,563,227	2,478,622	3,021,629	3,231,625	3,622,128	4,231,585	4,579,138	5,112,201	5,334,451
Other instruction	933,409	1,045,101	929,029	1,095,323	1,219,704	1,425,230	1,543,864	1,465,189	1,483,011	1,561,645
School Sponsored Activities and Athletics	90,028	91,524	94,457	104,000	130,874	128,324	138,886	144,469	110,328	149,247
Support Services:										
Student & instruction related services	2,283,250	2,420,970	2,278,238	2,535,342	2,636,133	2,833,221	2,691,068	2,842,579	2,642,524	3,439,990
General administration Services	774,342	782,212	752,564	843,106	781,338	820,760	896,526	843,292	588,670	648,660
School Administration services	974,602	1,013,002	1,046,264	912,043	1,128,951	1,218,962	1,225,447	1,055,365	1,125,058	1,297,226
Business / Central Services	345,204	370,848	347,464	461,551	518,820	594,053	698,980	809,328	834,914	838,727
Plant operations and maintenance	1,460,709	1,524,964	2,163,304	2,344,995	2,389,613	2,658,791	2,569,570	2,602,352	2,474,510	2,484,392
Pupil transportation	161,518	184,151	157,509	198,893	231,204	229,586	292,870	347,314	306,668	233,962
Interest on long-term debt	205,337	168,940	128,803	72,732	61,222	54,437	47,740	41,072	34,521	28,088
Total governmental activities expenses	<u>18,062,546</u>	<u>19,247,223</u>	<u>19,286,938</u>	<u>22,143,528</u>	<u>23,924,801</u>	<u>26,694,979</u>	<u>27,495,698</u>	<u>26,723,622</u>	<u>26,255,129</u>	<u>28,397,549</u>
Business-type activities:										
Food service	51,270	35,506	31,722	34,217	28,978	22,726	9,631	38,741	4,279	-
Total business-type activities expense	<u>51,270</u>	<u>35,506</u>	<u>31,722</u>	<u>34,217</u>	<u>28,978</u>	<u>22,726</u>	<u>9,631</u>	<u>38,741</u>	<u>4,279</u>	<u>-</u>
Total district expenses	<u>\$ 18,113,816</u>	<u>\$ 19,282,729</u>	<u>\$ 19,318,660</u>	<u>\$ 22,177,745</u>	<u>\$ 23,953,779</u>	<u>\$ 26,717,705</u>	<u>\$ 27,505,329</u>	<u>\$ 26,762,363</u>	<u>\$ 26,259,408</u>	<u>\$ 28,397,549</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 265,204	\$ 346,617	\$ 407,960	\$ 394,577	\$ 423,143	\$ 382,786	\$ 355,064	\$ 503,526	\$ 477,638	\$ 399,219
Operating grants and contributions	2,376,140	2,809,385	2,533,652	4,982,587	5,886,012	7,838,106	8,103,908	6,988,349	6,261,406	8,917,654
Capital grants and contributions	213,168	35,360	22,314	326,736	255,455	-	-	-	-	-
Total governmental activities program revenues	<u>2,854,512</u>	<u>3,191,362</u>	<u>2,963,926</u>	<u>5,703,900</u>	<u>6,564,610</u>	<u>8,220,892</u>	<u>8,458,972</u>	<u>7,491,875</u>	<u>6,739,044</u>	<u>9,316,873</u>
Business-type activities:										
Charges for services:										
Food service	\$ 23,571	\$ 21,536	\$ 20,998	\$ 20,802	\$ 20,505	\$ 15,470	\$ 14,743	\$ 13,176	\$ 7,830	\$ -
Operating grants and contributions	16,873	12,282	13,507	12,691	10,181	7,493	7,214	6,269	2,577	-
Total business type activities program revenues	<u>40,444</u>	<u>33,818</u>	<u>34,505</u>	<u>33,493</u>	<u>30,686</u>	<u>22,963</u>	<u>21,957</u>	<u>19,445</u>	<u>10,407</u>	<u>-</u>
Total district program revenues	<u>\$ 2,894,956</u>	<u>\$ 3,225,180</u>	<u>\$ 2,998,431</u>	<u>\$ 5,737,393</u>	<u>\$ 6,595,296</u>	<u>\$ 8,243,855</u>	<u>\$ 8,480,929</u>	<u>\$ 7,511,320</u>	<u>\$ 6,749,451</u>	<u>\$ 9,316,873</u>
Net (Expense)/Revenue										
Governmental activities	\$ (15,208,034)	\$ (16,055,861)	\$ (16,323,012)	\$ (16,439,628)	\$ (17,360,191)	\$ (18,474,087)	\$ (19,036,726)	\$ (19,231,747)	\$ (19,516,085)	\$ (19,080,676)
Business-type activities	(10,826)	(1,688)	2,783	(724)	1,708	237	12,326	(19,296)	6,128	-
Total district-wide net expense	<u>\$ (15,218,860)</u>	<u>\$ (16,057,549)</u>	<u>\$ (16,320,229)</u>	<u>\$ (16,440,352)</u>	<u>\$ (17,358,483)</u>	<u>\$ (18,473,850)</u>	<u>\$ (19,024,400)</u>	<u>\$ (19,251,043)</u>	<u>\$ (19,509,957)</u>	<u>\$ (19,080,676)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes	\$ 15,722,107	\$ 15,879,328	\$ 16,292,191	\$ 16,892,382	\$ 17,663,255	\$ 18,016,520	\$ 18,443,738	\$ 19,060,135	\$ 19,878,929	\$ 20,517,275
Taxes levied for debt service	1,070,710	1,064,358	1,031,901	663,568	339,646	336,818	330,119	318,422	306,843	295,380
Unrestricted Grants and Contributions	-	-	-	19984	21,252	31,286	32,300	2,598	-	-
Investment earnings	12,379	16,709	16,667	10,436	13,449	14,683	15,621	6,607	38,251	8,611
Miscellaneous income	76,307	49,471	71,006	54,227	69,328	77,091	64,200	95,067	76,269	107,801
Transfers	-	-	-	-	-	-	-	-	-	7,043
Donation of Capital Assets	7,980	44,805	32,263	-	-	-	-	-	-	-
Total governmental activities	<u>16,889,483</u>	<u>17,054,671</u>	<u>17,444,028</u>	<u>17,640,597</u>	<u>18,106,930</u>	<u>18,476,398</u>	<u>18,885,978</u>	<u>19,482,829</u>	<u>20,300,292</u>	<u>20,936,110</u>
Business-type activities:										
Investment earnings	127	99	98	71	70	70	97	258	53	3
Transfers	-	-	-	-	-	-	-	-	-	(7,043)
Total business-type activities	<u>127</u>	<u>99</u>	<u>98</u>	<u>71</u>	<u>70</u>	<u>70</u>	<u>97</u>	<u>258</u>	<u>53</u>	<u>(7,040)</u>
Total district-wide	<u>\$ 16,889,610</u>	<u>\$ 17,054,770</u>	<u>\$ 17,444,126</u>	<u>\$ 17,640,668</u>	<u>\$ 18,107,000</u>	<u>\$ 18,476,468</u>	<u>\$ 18,886,075</u>	<u>\$ 19,483,087</u>	<u>\$ 20,300,345</u>	<u>\$ 20,929,070</u>
Change in Net Position										
Governmental activities	\$ 1,681,449	\$ 998,810	\$ 1,121,016	\$ 1,200,969	\$ 746,739	\$ 2,311	\$ (150,748)	\$ 251,082	\$ 784,207	\$ 1,855,434
Business-type activities	(10,699)	(1,589)	2,881	(653)	1,778	307	12,423	(19,038)	6,181	(7,040)
Total district	<u>\$ 1,670,750</u>	<u>\$ 997,221</u>	<u>\$ 1,123,897</u>	<u>\$ 1,200,316</u>	<u>\$ 748,517</u>	<u>\$ 2,618</u>	<u>\$ (138,325)</u>	<u>\$ 232,044</u>	<u>\$ 790,388</u>	<u>\$ 1,848,394</u>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved										
Unreserved										
Nonspendable										
Restricted	\$ 2,957,191	\$ 3,001,539	\$ 2,428,591	\$ 3,291,997	\$ 3,829,436	\$ 2,996,755	\$ 3,365,333	\$ 3,642,421	\$ 4,336,009	\$ 5,718,544
Committed		766,171	393,062	213,708		584,518	69,312	71,131	223,549	514,447
Assigned	299,091	125,014	159,919	28,717	79,159	14,113	22,068	7,327	91,080	152,687
Unassigned	300,853	292,645	332,777	323,309	341,548	357,392	366,556	358,808	345,658	752,639
Total general fund	<u>\$ 3,557,135</u>	<u>\$ 4,185,369</u>	<u>\$ 3,314,349</u>	<u>\$ 3,857,731</u>	<u>\$ 4,250,143</u>	<u>\$ 3,952,778</u>	<u>\$ 3,823,269</u>	<u>\$ 4,079,687</u>	<u>\$ 4,996,296</u>	<u>\$ 7,138,317</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Nonspendable										
Restricted	\$ 15,419	\$ 1	\$ 1,063,382	\$ 434,879	\$ -	\$ 2	\$ 1	\$ -	\$ -	\$ 43,915
Committed										
Assigned										
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 15,419</u>	<u>\$ 1</u>	<u>\$ 1,063,382</u>	<u>\$ 434,879</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,915</u>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										(Restated)
Tax levy	\$ 16,792,817	\$ 16,943,686	\$ 17,324,092	\$ 17,555,950	\$ 18,002,901	\$ 18,353,338	\$ 18,773,857	\$ 19,378,557	\$ 20,185,772	\$ 20,812,655
Tuition charges	265,204	346,617	407,960	394,577	423,143	382,786	355,064	503,526	477,638	383,966
Interest earnings	12,379	16,709	16,667	10,436	13,449	14,683	15,621	6,607	38,251	8,611
Miscellaneous	76,307	49,471	71,006	54,227	69,328	77,091	65,231	200,076	137,304	189,820
State sources	2,175,039	2,590,113	2,308,787	2,841,908	3,124,703	3,148,088	3,671,452	4,248,697	4,696,549	5,705,627
Federal sources	414,269	254,632	247,179	263,007	266,098	259,608	271,458	348,871	349,013	490,267
Total revenue	19,736,015	20,201,228	20,375,691	21,120,105	21,899,622	22,235,594	23,152,683	24,686,334	25,884,527	27,590,946
Expenditures										
Instruction										
Regular Instruction	8,120,662	9,152,243	8,878,053	9,002,581	9,711,083	10,017,920	10,545,805	10,582,628	10,774,095	10,916,869
Special education instruction	2,354,035	2,246,804	2,464,945	2,682,844	2,820,378	2,974,372	3,614,452	4,229,574	4,918,173	4,916,039
Other instruction	900,388	993,876	934,454	915,663	978,538	1,050,230	1,179,924	1,285,398	1,349,669	1,358,943
School sponsored activities and athletics	87,242	88,832	94,457	88,850	109,370	97,513	111,612	128,209	103,298	143,038
Support Services:										
Student & inst. related services	2,210,750	2,259,045	2,277,704	2,532,003	2,526,546	2,644,338	2,471,434	2,727,967	2,622,844	3,277,156
General administration Services	754,057	756,423	729,155	787,190	710,881	713,935	779,134	804,138	571,140	596,223
School Administration services	937,171	991,719	1,015,415	814,011	981,746	965,092	1,003,476	940,210	1,064,143	1,163,870
Business / Central Services	334,565	345,562	353,392	396,875	434,009	458,863	561,466	715,000	797,596	750,611
Plant operations and maintenance	1,440,162	1,485,173	1,673,632	1,802,229	1,653,580	1,870,635	1,722,214	1,812,344	1,709,821	1,668,869
Pupil transportation	161,231	183,809	157,509	198,723	230,697	228,349	290,234	346,436	306,726	233,804
Capital outlay	1,077,415	139,774	621,380	1,160,368	1,436,628	1,174,894	672,322	539,590	443,570	397,110
Debt service:										
Principal	917,204	944,682	946,942	648,466	290,000	285,000	285,000	280,000	275,000	270,000
Interest and other charges	214,053	179,996	145,279	75,423	58,632	51,817	45,120	38,423	31,843	25,380
Bond Issuance Costs			23,070							
Advance to Refunding Escrow			42,943							
Total expenditures	19,508,935	19,767,938	20,358,330	21,105,226	21,942,088	22,532,958	23,282,193	24,429,917	24,967,918	25,717,912
Excess (Deficiency) of revenues over (under) expenditures	227,080	433,290	17,361	14,879	(42,466)	(297,364)	(129,510)	256,417	916,609	1,873,034
Other Financing sources (uses)										
Payment to Refunding Bond Escrow Agent			(2,715,000)		-					-
Refunding Bonds Issued			2,790,000		-					-
Capital Lease Proceeds		179,526								
Transfers in	443,861	51,058	1,087,865		55,107					7,043
Transfers out	(443,861)	(51,058)	(1,087,865)		(55,107)					-
Total other financing sources (uses)	-	179,526	75,000	-	-	-	-	-	-	7,043
Net change in fund balances	\$ 227,080	\$ 612,816	\$ 92,361	\$ 14,879	\$ (42,466)	\$ (297,364)	\$ (129,510)	\$ 256,417	\$ 916,609	\$ 1,880,077
Debt service as a percentage of noncapital expenditures	6.14%	5.73%	5.87%	3.63%	1.70%	1.58%	1.46%	1.33%	1.25%	1.17%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Misc.</u>	<u>Total</u>
2012	\$ 265,204	\$ 11,918	\$ 76,307	\$ 353,429
2013	346,617	16,709	49,471	412,797
2014	407,960	16,667	71,006	495,633
2015	394,577	10,436	54,227	459,240
2016	423,143	13,449	69,328	505,920
2017	382,786	14,683	77,091	474,560
2018	355,064	15,621	64,200	434,885
2019	503,526	6,607	95,067	605,200
2020	477,638	38,251	76,269	592,158
2021	383,966	8,611	107,801	500,378

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

Calendar Year Ended December 31.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate *
2012	\$ 24,006,400	\$ 1,784,300,900	\$ 5,471,800	\$ 31,500	\$ 220,571,000	\$ 15,045,700	\$ 959,600	\$ 2,050,386,900	\$ 5,642,577	\$ 2,056,029,477	\$ 2,094,167,079	\$ 0.821
2013	20,163,200	1,796,514,400	5,471,800	31,500	218,075,800	15,045,700	959,600	2,056,262,000	100,000	2,056,362,000	2,035,360,558	0.834
2014	21,831,400	1,799,979,800	4,541,600	30,500	219,295,200	19,545,700	959,600	2,066,183,800	100,000	2,066,283,800	2,030,585,074	0.844
2015	20,358,100	1,805,323,200	4,541,600	30,500	216,624,800	18,964,000	959,600	2,066,801,800	100,000	2,066,901,800	2,099,516,054	0.860
2016	19,884,100	1,816,990,700	4,612,200	30,500	216,412,100	18,964,000	959,600	2,077,853,200	100,000	2,077,953,200	2,129,915,670	0.875
2017	19,611,500	1,825,939,100	4,612,200	26,200	215,541,300	19,914,000	959,600	2,086,603,900	100,000	2,086,703,900	2,140,987,596	0.890
2018	18,196,800	1,884,747,100	5,037,000	25,100	237,104,000	21,569,100		2,166,679,100	100,000	2,166,779,100	2,168,261,971	0.881
2019	18,903,200	1,923,578,700	5,432,700	25,100	256,031,300	22,812,900		2,226,783,900	100,000	2,226,883,900	2,226,975,293	0.889
2020	18,627,800	1,956,453,700	5,547,400	25,100	265,247,800	23,968,500		2,269,870,300	100,000	2,269,970,300	2,293,283,498	0.904
2021	17,355,800	1,948,606,900	5,503,700	25,100	262,408,600	24,092,200		2,257,992,300	100,000	2,258,092,300	2,260,654,086	0.934

06

Source: County Abstract of Ratables

a Tax rates are per \$100

N/A = Not Available

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

Calendar Year	Total Direct Tax Rate	Overlapping Rates				Total
		Regional High School District	Municipality	County		
2012	\$.821	.522	\$.517	\$.224	\$2.084	
2013	.834	.520	.521	.227	2.102	
2014	.844	.520	.535	.230	2.129	
2015	.860	.539	.547	.244	2.190	
2016	.875	.553	.549	.262	2.239	
2017	.890	.565	.569	.258	2.282	
2018	.881	.544	.556	.245	2.226	
2019	.889	.528	.555	.245	2.217	
2020	.904	.525	.561	.251	2.241	
2021	.934	.539	.578	.253	2.304	

Source: Borough of Closter

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

Taxpayer	2021		Taxpayer	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Closter Mktplace (EBA) LLC	\$ 59,366,700	2.63%	Irani-Aspi-Closter Plaza Met.	\$ 31,500,000	1.53%
Capital Young Property LLC	8,657,100	0.38%	Closter Grocery	8,645,300	0.42%
Closter Grocery	8,500,000	0.38%	Heidenberg Closter Assoc.	7,368,000	0.36%
Heidenberg Closter Assoc.	8,250,000	0.37%	Closter Golf	6,999,700	0.34%
Closter Golf	7,609,200	0.34%	United Water New Jersey	5,891,200	0.29%
Suez C/O Altus Group	5,891,200	0.26%	Verizon	5,669,360	0.28%
Fred Reuten, Inc.	4,926,600	0.22%	Reuten Associates	4,581,700	0.22%
DWL Monmouth c/o Daniel Cho	4,864,600	0.22%	DWL Monmouth c/o Daniel Cl	4,553,500	0.22%
50 Railroad LLC	4,705,000	0.21%	Fred Reuten, Inc.	4,492,400	0.22%
Reuten Associates	4,617,800	0.20%	BR NJ LLC	4,167,400	0.20%
	<u>\$ 117,388,200</u>	<u>5.20%</u>		<u>\$ 83,868,560</u>	<u>4.08%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 16,792,817	\$ 16,792,817	100.00%	N/A
2013	16,943,686	16,943,686	100.00%	N/A
2014	17,324,092	17,324,092	100.00%	N/A
2015	17,555,950	17,555,950	100.00%	N/A
2016	18,002,901	18,002,901	100.00%	N/A
2017	18,353,338	18,353,338	100.00%	N/A
2018	18,773,857	18,005,367	95.91%	\$ 768,490
2019	19,378,557	19,378,557	100.00%	N/A
2020	20,185,772	20,185,772	100.00%	N/A
2021	20,812,655	20,812,655	100.00%	N/A

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

<u>Governmental Activities</u>						
Fiscal Year Ended June 30,	General Obligation Bonds	Lease Purchase Agreements	Intergovernmental Loans Payable	Total District	Population	<u>Per Capita</u>
2012	\$ 4,149,000		\$ 631,564	\$ 4,780,564	8,548	\$ 559
2013	3,579,000	\$ 119,206	317,202	4,015,408	8,582	468
2014	3,084,000	59,466		3,143,466	8,591	366
2015	2,495,000			2,495,000	8,593	290
2016	2,205,000			2,205,000	8,605	256
2017	1,920,000			1,920,000	8,619	223
2018	1,635,000			1,635,000	8,548	191
2019	1,355,000			1,355,000	8,512	159
2020	1,080,000			1,080,000	8,446	128
2021	810,000			810,000	8,446	* 96

Source: District records

* = Estimated

CLOSTER BOARD OF EDUCATION
RATIOS OF NET GENERAL OBLIGATION DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

<u>General Obligation Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2012	\$ 4,780,564		\$ 4,780,564	0.23%	\$ 559
2013	3,896,202		3,896,202	0.19%	454
2014	3,084,000	\$ 8,988	3,075,012	0.15%	358
2015	2,495,000	8,987	2,486,013	0.12%	289
2016	2,205,000	1	2,204,999	0.11%	256
2017	1,920,000	2	1,919,998	0.09%	223
2018	1,635,000	1	1,634,999	0.08%	191
2019	1,355,000		1,355,000	0.06%	159
2020	1,080,000		1,080,000	0.05%	128
2021	810,000		810,000	0.04%	96

Source: District records

**CLOSTER BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Regional School District	\$ 3,261,225	\$ 3,261,225	
Borough of Closter Board of Education	1,080,000	1,080,000	
Borough of Closter	<u>17,031,779</u>	<u>41,407</u>	<u>\$ 16,990,372</u>
	<u>\$ 21,373,004</u>	<u>\$ 4,382,632</u>	<u>16,990,372</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			18,720,353
Bergen County Utilities Authority - Waste Water(B)			<u>1,607,733</u>
			<u>20,328,086</u>
 Total Direct and Overlapping Debt			 <u>\$ 37,318,458</u>

Source:

(1) Borough of Closter's 2020 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Closter by dividing the municipality's 2020 equalized value by the total 2020 equalized value for the County of Bergen.

(B) The debt was computed based upon the real property ration of equalized valuations of all municipalities serviced by the authority.

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

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized valuation basis		
2020		\$ 2,252,973,002
2019		2,303,013,652
2018		<u>2,212,025,625</u>
	[A]	<u>\$ 6,768,012,279</u>
 Average equalized valuation of taxable property	 [A/3]	 <u>\$ 2,256,004,093</u>
Debt limit (3% of average equalization value)	[B]	67,680,123
Total Net Debt Applicable to Limit	[C]	<u>810,000</u>
Legal debt margin	[B-C]	<u>\$ 66,870,123</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>	<u>2021</u>
Debt limit	\$ 64,608,887	\$ 62,657,788	\$ 61,343,964	\$ 61,356,710	\$ 62,249,565	\$ 63,338,641	\$ 63,934,300	\$ 64,912,967	\$ 66,690,642	\$ 67,680,123
Total net debt applicable to limit	<u>4,780,564</u>	<u>3,896,202</u>	<u>3,084,000</u>	<u>2,495,000</u>	<u>2,205,000</u>	<u>1,920,000</u>	<u>1,635,000</u>	<u>1,355,000</u>	<u>1,080,000</u>	<u>810,000</u>
Legal debt margin	<u>\$ 59,828,323</u>	<u>\$ 58,761,586</u>	<u>\$ 58,259,964</u>	<u>\$ 58,861,710</u>	<u>\$ 60,044,565</u>	<u>\$ 61,418,641</u>	<u>\$ 62,299,300</u>	<u>\$ 63,557,967</u>	<u>\$ 65,610,642</u>	<u>\$ 66,870,123</u>
Total net debt applicable to the limit as a percentage of debt limit	7.40%	6.22%	5.03%	4.07%	3.54%	3.03%	2.56%	2.09%	1.62%	1.20%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u> (A)	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2012	8,548	\$ 72,164	4.50%
2013	8,582	71,699	7.70%
2014	8,591	74,480	4.50%
2015	8,593	77,767	3.70%
2016	8,605	79,407	3.20%
2017	8,619	81,676	3.00%
2018	8,548	86,404	2.90%
2019	8,512	89,456	2.50%
2020	8,446	89,456 *	7.80%
2021	8,446 *	89,456 *	7.80% *

A - Estimated

Source: New Jersey State Department of Education

* - Estimated

**CLOSTER BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

	<u>2021</u>		<u>2012</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

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

<u>Function/Program</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>	<u>2021</u>
Instruction										
Regular	68.5	68.0	67.0	64.0	65.0	85.0	72.6	72.0	71.0	71.0
Special education	11.5	14.0	13.0	13.5	13.0	22.5	18.2	27.0	27.0	27.0
Other instruction (ESL, Basic)	4.5	4.0	4.0	4.0	4.0	7.0	8.0	7.0	7.0	7.0
Co-curricular activities						0.2	0.2	0.2	-	-
Support Services:										
Student and instruction related services	54.0	60.0	60.0	64.0	72.0	26.0	45.8	44.3	46.2	48.4
General administration	5.6	5.6	5.6	5.0	5.0	5.0	5.8	5.0	5.0	5.0
School administrative services	5.5	5.5	5.5	6.0	6.0	6.0	8.2	7.0	7.0	6.6
Central services	4.0	4.0	4.0	4.0	4.0	2.0	1.0	4.0	4.0	4.0
Plant operations and maintenance	11.0	11.0	11.0	11.0	11.0	12.0	12.0	12.0	12.0	12.0
Pupil transportation	-	-	-	-	-	1.0	0.7	0.7	0.7	0.7
Total	<u>164.6</u>	<u>172.1</u>	<u>170.1</u>	<u>171.5</u>	<u>180.0</u>	<u>166.7</u>	<u>172.5</u>	<u>179.2</u>	<u>179.9</u>	<u>181.7</u>

Source: District Personnel Records

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

Teacher/Pupil Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	1,127	\$ 17,302,450	\$ 15,353	7.86%	100.5	11.9	11.5	1,121.5	1,077.8	-0.93%	96.10%
2013	1,123	18,503,486	16,477	7.32%	104.5	11.3	11.8	1,123.3	1,081.0	0.16%	96.23%
2014	1,118	18,578,716	16,618	0.86%	104.5	12.06	11.1	1,123.9	1,084.7	0.05%	96.51%
2015	1,120	19,220,969	17,162	3.27%	101.0	11.08	12.6	1,120.5	1,082.6	-0.30%	96.62%
2016	1,114	20,156,828	18,094	5.43%	103.0	11.42	12.4	1,117.8	1,078.5	-0.24%	96.48%
2017	1,155	21,021,247	18,200	0.59%	105.0	12.1	12.1	1,131.5	1,087.7	1.23%	96.13%
2018	1,167	22,279,751	19,091	4.90%	98.7	11.70	11.9	1,165.7	1,120.2	3.02%	96.10%
2019	1,191	23,571,904	19,792	3.67%	106.0	11.80	11.4	1,200.8	1,150.3	3.01%	95.79%
2020	1,197	24,217,505	20,232	2.22%	106.0	12.10	12.3	1,195.4	1,152.9	-0.45%	96.44%
2021	1,156	25,025,422	21,648	7.00%	107.0	10.58	11.1	1,146.4	1,125.8	-4.10%	98.20%

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.

N/A - Not Available

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

	<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>	<u>2021</u>
<u>District Building</u>										
<u>Hillside Elementary School</u>										
Square Feet	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650
Capacity (students)	666	666	666	666	666	666	666	666	666	666
Enrollment	561	565	562	577	617	652	684	677	666	614
<u>Tenakill Middle School</u>										
Square Feet	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655
Capacity (students)	635	635	635	635	635	635	635	635	635	635
Enrollment	560	558	556	544	497	503	483	514	531	542

Number of Schools at June 30, 2021

Elementary = 1

Middle School = 1

Source: District Records

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
LAST TEN YEARS
(Unaudited)**

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

	Project # (s)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
*School Facilities											
Hillside School	N/A	\$ 159,031	\$ 173,758	\$ 202,406	\$ 184,374	\$ 211,589	\$ 214,809	\$ 176,262	\$ 193,305	\$ 160,192	\$ 164,119
Tenakill School	N/A	<u>200,564</u>	<u>153,847</u>	<u>158,063</u>	<u>143,982</u>	<u>165,235</u>	<u>167,748</u>	<u>137,646</u>	<u>150,955</u>	<u>169,110</u>	<u>151,331</u>
Grand Total		<u>\$ 359,595</u>	<u>\$ 327,605</u>	<u>\$ 360,469</u>	<u>\$ 328,356</u>	<u>\$ 376,824</u>	<u>\$ 382,557</u>	<u>\$ 313,908</u>	<u>\$ 344,260</u>	<u>\$ 329,302</u>	<u>\$ 315,450</u>

Source: District Records

**CLOSTER BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2021
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Property-Blanket Building/Contents	\$ 49,038,221	\$ 5,000
General Liability - General Aggregate	\$ 2,000,000	
General Liability - Each Occurrence	\$ 1,000,000	
Commercial Auto Liability	\$ 1,000,000	
Excess Liability - Firemen's Fund Ins. Co. (per Occurrence & Shared Aggregate)	\$ 50,000,000	
Excess Unshared Umbrella - Starstone National Insurance Company	\$ 15,000,000	
Umbrella Liability - Great American insurance Company (Per Occurrence and Aggregate)	\$ 9,000,000	
Educator's Legal Liability - Greenwich Insurance Company	\$ 1,000,000	
Employee Benefits Liability - Great American Insurance Company (Policy Aggregate)	\$ 1,000,000 \$ 2,000,000	\$ 1,000
Public Employee Dishonesty - Selective Ins. Co. of America		
(per employee)	\$ 100,000	\$ 5,000
(per loss)	\$ 500,000	\$ 100,000
Pollution Liability - Chubb/Ace American		
(aggregate)	\$ 4,000,000	\$ 15,000
(Fund Aggregate)	\$ 20,000,000	
Cyber Liability - Indian Harbor		
(Group Aggregate subject to sub-limits)	\$ 6,000,000	
(1st party - per occurrence)	\$ 1,000,000	

Source: School Insurance 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
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
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, 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
Closter Board of Education
Closter, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Closter Board of Education's basic financial statements and have issued our report thereon dated March 3, 2022.

Internal Control Over Financial Reporting

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

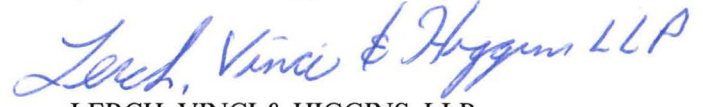
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

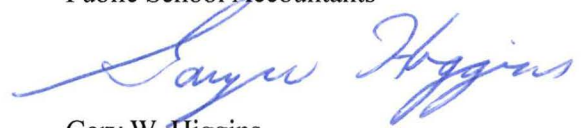
As part of obtaining reasonable assurance about whether the Closter Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards 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 Closter 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 Closter 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
March 3, 2022



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, 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
Closter Board of Education
Closter, New Jersey

Report on Compliance for Each Major State Program

We have audited the Closter 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 Closter Board of Education’s major state programs for the fiscal year ended June 30, 2021. The Closter 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 federal awards and state financial assistance applicable to its state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Closter 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 Closter 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 Closter Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Closter 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, 2021.

Report on Internal Control Over Compliance

Management of the Closter 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 Closter 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 Closter Board of Education's internal control over compliance.

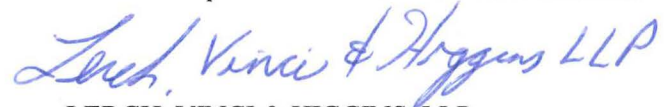
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education, as of and for the fiscal year ended June 30, 2021, 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 March 3, 2022, 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
March 3, 2022

**CLOSTER BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020			Cash Received	Total Budgetary Expenditures	Balance at June 30, 2021			Memo GAAP Receivable
					From	To	Accounts Receivable	Deferred Revenue	Due to Grantor			Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Title I, Part A	84.010	S010A200030	NCLB-0930-20	107,831	7/1/20	9/30/21				\$ 77,022	\$ 107,831	\$ (30,809)			* \$ (30,809)
Title I, Part A, Carryover	84.010	S010A190030	NCLB-0930-19	95,142	7/1/19	9/30/20	\$ (38,853)			38,853					*
Total Title I, Part A Cluster							(38,853)	-	-	115,875	107,831	(30,809)	-	-	* (30,809)
I.D.E.A. Part B, Basic Regular	84.027	H027A200100	IDEA-0930-20	258,232	7/1/20	9/30/21				258,232	258,232				*
I.D.E.A. Part B, Preschool	84.173	H173A200114	IDEA-0930-20	11,264	7/1/20	9/30/21				11,264	11,264				*
Total Special Education Cluster (IDEA)							-	-	-	269,496	269,496	-	-	-	* -
Coronavirus Relief Fund	21.019	N/A	N/A	30,905	3/1/20	12/31/21				30,905	30,905				*
CARES Act (Pass Thru County of Bergen)	21.019	N/A	N/A	25,000	3/1/20	12/31/21				25,000	25,000				*
Non-Public School Technology Fund	21.019	N/A	N/A	348	7/16/20	10/31/20				348	348				*
Total Coronavirus Relief Fund Cluster							-	-	-	56,253	56,253	-	-	-	* -
CARES Emergency Relief Grant, ESSER I	84.425D	S425D200027	N/A	81,687	3/13/20	9/30/22	\$ (76,499)	\$ 76,499		79,346	81,687	(2,341)			* (2,341)
CRRSA, ESSER II	84.425D	S425D200027	N/A	340,742	3/13/20	9/30/23						(340,742)	340,742		*
CRRSA, Learning Acceleration	84.425D	S425D200027	N/A	25,000	3/13/20	9/30/23						(25,000)	25,000		*
CRRSA, Mental Health	84.425D	S425D200027	N/A	45,000	3/13/20	9/30/23						(45,000)	45,000		*
Total ESSER Fund Cluster							(76,499)	76,499	-	79,346	81,687	(413,083)	410,742	-	* (2,341)
Total Special Revenue Fund							(115,352)	76,499	-	520,970	515,267	(443,892)	410,742	-	* (33,150)
Sub-Total Federal Financial Awards							\$ (115,352)	\$ 76,499	\$ -	\$ 520,970	\$ 515,267	\$ (443,892)	\$ 410,742	\$ -	* \$ (33,150)

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

CLOSTER BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2021

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020			Balance at June 30, 2021					MEMO		
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures Pass through Funds	Repayment of Prior Years' Balances	Intergovernmental (Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund:															
Special Education Categorical Aid	21-495-034-5120-089	639,108	7/1/20	6/30/21			\$ 587,090	\$ 639,108		\$ (52,018)				\$ 639,108	
Special Education Categorical Aid	20-495-034-5120-089	592,766	7/1/19	6/30/20	\$ (51,040)		51,040								
Security Aid	21-495-034-5120-084	91,347	7/1/20	6/30/21				91,347		(9,135)				91,347	
Security Aid	20-495-034-5120-084	91,347	7/1/19	6/30/20	(7,865)		7,865								
Total State Aid Public Cluster					(58,905)	-	728,207	730,455	-	(61,153)	-	-	-	730,455	
Transportation Aid	21-495-034-5120-014	93,632	7/1/20	6/30/21			84,269	93,632		(9,363)				93,632	
Transportation Aid	20-495-034-5120-014	93,632	7/1/19	6/30/20	(8,062)		8,062								
Additional Nonpublic Transportation Aid	21-495-034-5120-014	14,557	7/1/20	6/30/21				14,557		(14,557)		\$ (14,557)		14,557	
Additional Nonpublic Transportation Aid	20-495-034-5120-014	1,247	7/1/19	6/30/20	(1,247)		1,247								
Total Transportation Aid Cluster					(9,309)	-	93,578	108,189	-	(23,920)	-	-	(14,557)	108,189	
Extraordinary Aid	21-495-034-5120-044	561,713	7/1/20	6/30/21				561,713		(561,713)				561,713	
Extraordinary Aid	20-495-034-5120-044	311,826	7/1/19	6/30/20	(311,826)		311,826								
Total Extraordinary Aid Cluster					(311,826)	-	311,826	561,713	-	(561,713)	-	-	-	561,713	
Reimbursed Social Security Tax	21-495-034-5094-003	751,131	7/1/20	6/30/21			751,131	751,131						751,131	
Reimbursed Social Security Tax	20-495-034-5094-003	733,854	7/1/19	6/30/20	(36,236)		36,236								
Total Reimbursed Social Security Tax Cluster					(36,236)	-	787,367	751,131	-	-	-	-	-	751,131	
On-Behalf Teachers' Pension and Annuity Fund	21-495-034-5094-002	2,843,064	7/1/20	6/30/21			2,843,064	2,843,064						2,843,064	
On-Behalf Teachers' Pension & Annuity Fund - Non-contributory Insurance	21-495-034-5094-004	54,093	7/1/20	6/30/21			54,093	54,093						54,093	
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	21-495-034-5094-001	907,924	7/1/20	6/30/21			907,924	907,924						907,924	
On-Behalf Teachers' Pension & Annuity Fund - Long Term Disability	21-495-034-5094-004	1,367	7/1/20	6/30/21			1,367	1,367						1,367	
On-Behalf Teachers' Pension and Annuity Fund Cluster					-	-	3,806,448	3,806,448	-	-	-	-	-	3,806,448	
Total General Fund					(416,276)	-	5,727,426	5,957,936	-	(646,786)	-	-	(14,557)	5,957,936	
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbook Aid	21-100-034-5120-064	489	7/1/20	6/30/21			489	489						489	
Textbook Aid Cluster					-	-	489	489	-	-	-	-	-	489	
Auxiliary Services:															
Compensatory Education	21-100-034-5120-067	784	7/1/20	6/30/21			784				\$ 784			-	
Auxiliary Services Cluster:					-	-	784	-	-	-	784	-	-	-	
Nonpublic Handicapped Aid (Chapter 193):															
Speech Correction	21-100-034-5120-066	820	7/1/20	6/30/21			820	638				182		638	
Nonpublic Handicapped Aid (Chapter 193) Cluster:					-	-	820	638	-	-	-	182	-	638	
Total Special Revenue Fund					-	-	2,093	1,127	-	-	-	966	-	1,127	
Total State Financial Assistance					\$ (416,276)	\$ -	\$ 5,729,519	\$ 5,959,063	\$ -	\$ (646,786)	\$ -	\$ 966	\$ (14,557)	\$ 5,959,063	
Less: On-Behalf TPAF Pension System Contributions															
On-Behalf Teachers' Pension and Annuity Fund	21-495-034-5094-002							(2,843,064)							
On-Behalf Teachers' Pension & Annuity Fund - Non-contributory Insurance	21-495-034-5094-004							(54,093)							
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	21-495-034-5094-001							(907,924)							
On-Behalf Teachers' Pension & Annuity Fund - Long Term Disability	21-495-034-5094-004							(1,367)							
Total for State Financial Assistance-Major Program Determination								\$ 2,152,615							

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Closter 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. The 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 \$253,436 for the general fund and a decrease of \$25,000 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 5,704,500	\$ 5,704,500
Special Revenue Fund	\$ 490,267	1,127	491,394
Total Awards Financial Assistance	<u>\$ 490,267</u>	<u>\$ 5,705,627</u>	<u>\$ 6,195,894</u>

**CLOSTER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 \$751,131 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, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$2,897,157, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$907,924 and TPAF Long-Term Disability Insurance in the amount of \$1,367 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

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

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

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards - Not Applicable

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? _____ yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
21-495-034-5120-084 & -089	State Aid Public

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

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

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

CURRENT YEAR FEDERAL AWARDS

Not applicable.

CURRENT YEAR STATE AWARDS

There are none.

**CLOSTER BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

STATUS OF PRIOR YEAR FINDINGS

No prior year findings were reported.