

SCHOOL DISTRICT
OF THE
BOROUGH OF HAWORTH

Borough of Haworth
Board of Education
Haworth, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021

Comprehensive Annual Financial Report

of the

Borough of Haworth
Board of Education

Haworth, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

Borough of Haworth
Board of Education

HAWORTH BOARD OF EDUCATION
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INTRODUCTORY SECTION
(UNAUDITED)



Haworth Public School

Dr. Peter J. Hughes
Superintendent

Mr. Paul Wolford
Business Administrator/
Director of Elementary Education

October 29, 2021

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

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Haworth Board of Education (the “District”) for the fiscal year ended June 30, 2021 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Haworth Board of Education (the “Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations 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 Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's 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 auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Haworth Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (“GASB”) in codification section 2100. All funds of the District are included in this report. The Haworth Board of Education's elementary school constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education, for handicapped youngsters. The District completed the 2020-2021 fiscal year with an average daily enrollment of 430 students, which is 35 students more than the prior year's enrollment.

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Haworth is a small community within the County of Bergen. Its economic condition and population are stable. No new housing developments are expected within the near future. Therefore, no substantial increase to the annual daily enrollment is expected in the short term.
3. MAJOR INITIATIVES: Students continued to score above the state and national averages on the NJ SLA tests. However, due to the COVID-19 pandemic, these tests were not administered during the 20-21 school year. The district did assess student learning through “in-house” benchmarks via LinkIt online assessments. We have established and met our goals in fiscal efficiency and special education, as well as student achievement and technology. We have a 0% drop out rate. One hundred percent of our children go on to secondary education.
4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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


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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2021.

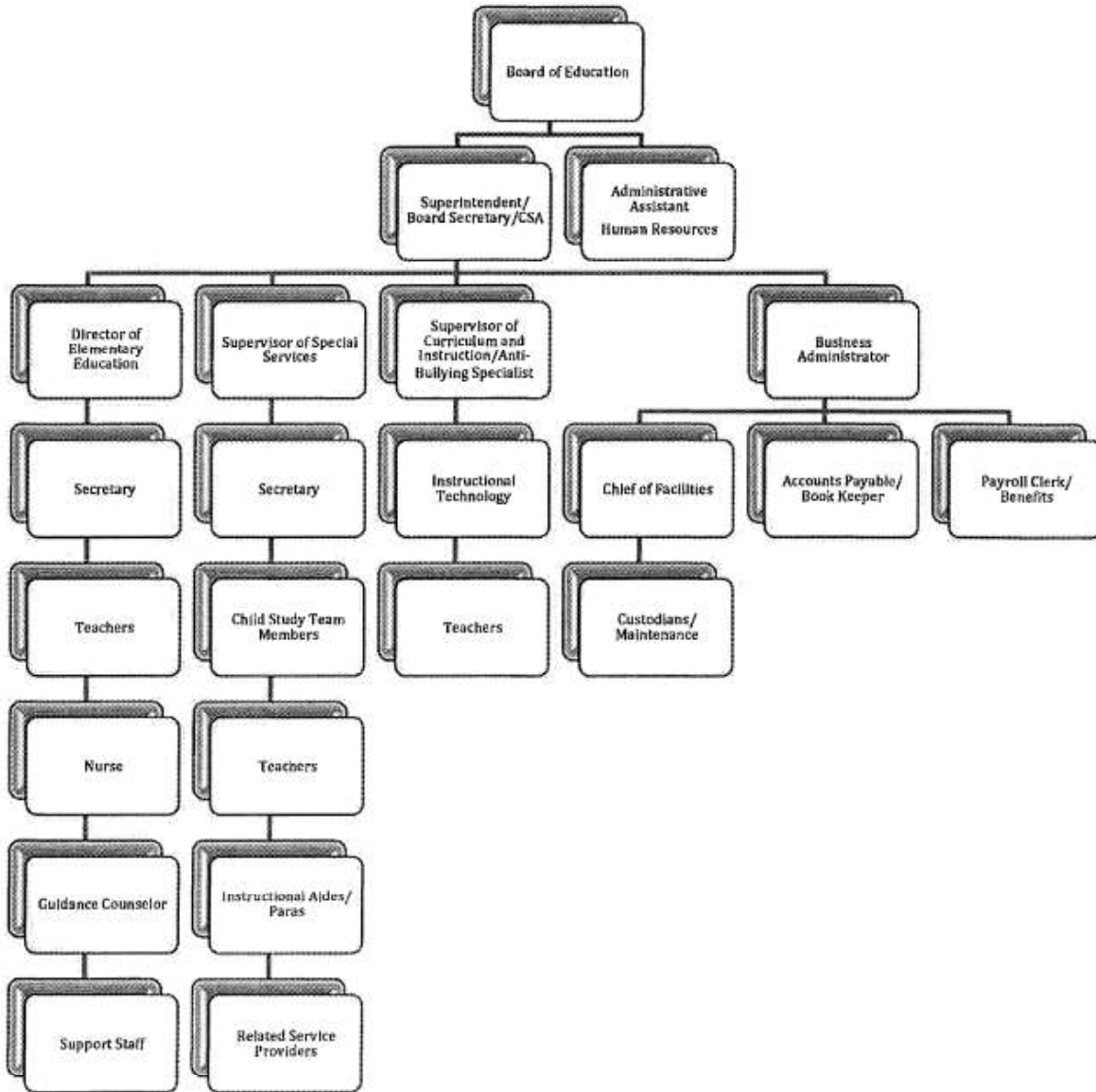
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found in J-20.
9. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Haworth School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,


Dr. Peter J. Hughes
Superintendent


Paul Wolford
Business Administrator/
Director of Elementary Education

HAWORTH BOARD OF EDUCATION
ORGANIZATIONAL CHART
JUNE 30, 2021



HAWORTH BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Rodino, President	2023
Stacey Wunch, Vice President	2021
Ilisha Borek	2022
Charles Crowley	2021
Alanna Davis	2022
Danielle Insalaco-Egan	2022
Robert Rose	2023

<u>Other Officials</u>	<u>Title</u>
Dr. Peter J. Hughes	Chief School Administrator
Kristi Giambona	Board Secretary
Paul Wolford	Business Administrator/Director of Elementary Education
Rebecca Overgaard	Treasurer of School Monies (To June 30, 2021)

HAWORTH BOARD OF EDUCATION

Consultants and Advisors
Year Ended June 30, 2021

Audit Firm

Nisivoccia LLP, CPAs
200 Valley Road Suite 300
Mount Arlington, NJ 07856

Attorney

Fogarty & Hara, Esqs.
21-00 Route 208 South
Fairlawn, NJ 07410

Official Depository

Valley National Bank
243 Main Street
New Milford, NJ 07646

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Haworth Board of Education
County of Bergen, 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 Board of Education of the Haworth Borough School District (the "District") in the County of Bergen, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Haworth Borough School District, in the County of Bergen, 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

As discussed in Note 19 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are 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, which follows this report, the pension and post retirement schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards 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

The Honorable President and Members
of the Board of Education
Haworth Board of Education
Page 3

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 other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

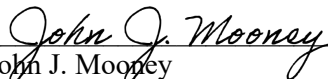
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 29, 2021
Mount Arlington, New Jersey


NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION -
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

This section of Haworth Borough School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as an aftercare program.
- *Notes to Basic Financial Statements*: Provide additional information essential to a full understanding of the district-wide and fund financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of Borough of Haworth School District’s Financial Report**

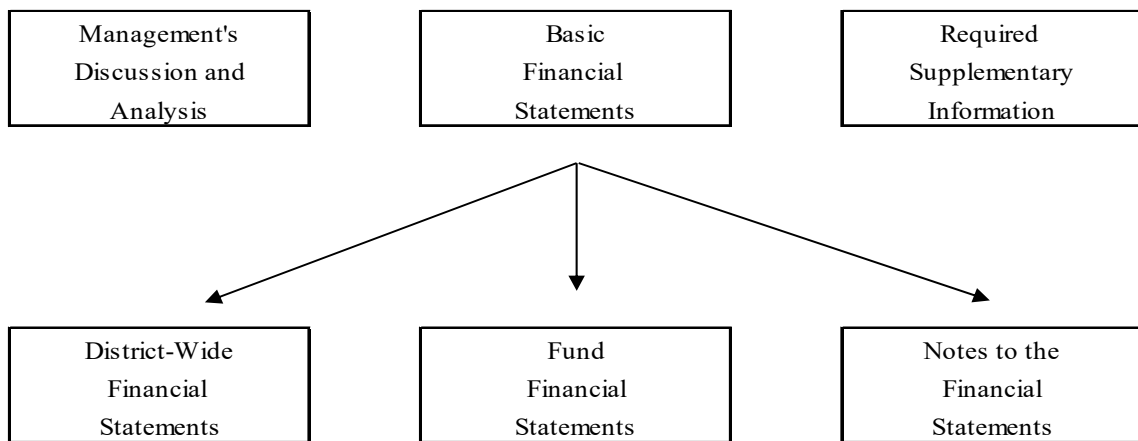


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements		
	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses; aftercare program
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenue, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual Accounting and Economic Resources focus	Modified Accrual Accounting and Current Financial Focus	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, Deferred Inflows and Outflows of Resources, both Financial and Capital, Short-Term and Long-Term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All Revenue and Expenses during the year, regardless of when Cash is Received or Paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable	All Revenue and Expenses during the year, regardless of when cash is received or paid

District-Wide Statements

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

The two District-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

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

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's aftercare program is included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

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

- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the total. The depreciation factored into the District's net position for 2020-2021 is \$234,956. This same amount is also factored in as an expense.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total
	(Restated)				(Restated)		Percentage
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	Change 2020/2021
Current and Other Assets	\$ 3,957,524	\$ 3,263,897	\$ 115,476	\$ 124,565	\$ 4,073,000	\$ 3,388,462	
Capital Assets, Net	9,545,093	9,768,218			9,545,093	9,768,218	
Total Assets	13,502,617	13,032,115	115,476	124,565	13,618,093	13,156,680	3.51%
Deferred Outflows of Resources	628,964	586,587			628,964	586,587	7.22%
Other Liabilities	354,884	527,025	636	1,668	355,520	528,693	
Long-Term Liabilities	2,039,807	1,892,146			2,039,807	1,892,146	
Total Liabilities	2,394,691	2,419,171	636	1,668	2,395,327	2,420,839	-1.05%
Deferred Inflows of Resources	1,036,671	1,000,811			1,036,671	1,000,811	3.58%
Net Position:							
Net Investment in Capital							
Assets	9,485,943	9,768,218			9,485,943	9,768,218	
Restricted	2,881,813	2,445,550			2,881,813	2,445,550	
Unrestricted/(Deficit)	(1,667,537)	(2,015,048)	114,840	122,897	(1,552,697)	(1,892,151)	
Total Net Position	\$ 10,700,219	\$ 10,198,720	\$ 114,840	\$ 122,897	\$ 10,815,059	\$ 10,321,617	4.78%

Changes in net position. The District's *combined* net position was \$10,815,059 on June 30, 2021, \$493,442 or 4.78% more than it was the year before. (See Figure A-3). The increase in restricted net position is due to increases in the maintenance and capital reserves. The net position of the business-type activities decreased \$8,057 (see Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental		Business-Type		Total		Total
	Activities		Activities		School		Percentage
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
Revenue:							
Program Revenue:							
Charges for Services	\$ 53,232		\$ 1,420	\$ 61,863	\$ 54,652	\$ 61,863	
Operating Grants and Contributions	2,802,942	\$ 2,294,428			2,802,942	2,294,428	
General Revenue:							
Property Taxes	9,242,325	9,312,794			9,242,325	9,312,794	
Other	147,021	83,795	100	2,072	147,121	85,867	
Total Revenue	12,245,520	11,691,017	1,520	63,935	12,247,040	11,754,952	4.19%
Expenses:							
Instruction	7,391,495	7,015,359			7,391,495	7,015,359	
Pupil & Instruction Services	2,141,471	1,708,429			2,141,471	1,708,429	
Administrative and Business	1,028,229	969,780			1,028,229	969,780	
Maintenance & Operations	1,066,858	938,792			1,066,858	938,792	
Transportation	35,617	42,865			35,617	42,865	
Other	80,351	9,183	6,977	55,643	87,328	64,826	
Total Expenses	11,744,021	10,684,408	6,977	55,643	11,750,998	10,740,051	9.41%
Other Item:							
Refund of Prior Year Revenue			(2,600)		(2,600)		-100.00%
Change in Net Position	\$ 501,499	\$ 1,006,609	\$ (8,057)	\$ 8,292	\$ 493,442	\$ 1,014,901	-51.38%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. Maintaining current levels of regular and special programs and services for special needs pupils place great demands on the District's resources. Careful management of expenses is essential for the District's financial stability.

It has never been more challenging to balance the needs of the District with the financial resources available to the District. Thus, it is critical that the District remains steadfast to thoroughly examine its budget choices carefully.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-5
Net Cost of Governmental Activities

	Total		Net	
	Cost of Services		Cost of Services	
	2020/2021	2019/2020	2020/2021	2019/2020
Instruction	\$ 7,391,495	\$ 7,015,359	\$ 5,183,868	\$ 5,196,890
Pupil & Instruction Services	2,141,471	1,708,429	1,523,645	1,241,486
Administrative and Business	1,028,229	969,780	1,028,229	982,043
Maintenance & Operations	1,066,858	938,792	1,066,858	948,231
Transportation	35,617	42,865	4,896	12,147
Other	80,351	9,183	80,351	9,183
Total	\$ 11,744,021	\$ 10,684,408	\$ 8,887,847	\$ 8,389,980

Business-Type Activities

Net position from the District’s business-type activity decreased by \$8,057 primarily due to a decrease in revenue from the Aftercare Program as it did not operate during the 2020-2021 school year (refer to Figure A-4).

Financial Analysis of the District’s Funds

The District’s financial position increased approximately \$880,000 in the General Fund or 31%. Accordingly, the Haworth District has taken measures to reduce expenditures and not be dependent on excess fund balance going forward which has been a challenge during 2020-2021 and will continue to be a larger challenge going forward.

To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times due to the following:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and maintenance activities.

Capital Asset and Long-Term Liabilities Administration

Figure A-6
Capital Assets (net of depreciation)

	Governmental Activities		Total School District		Total
	2020/2021	2019/2020	2020/2021	2019/2020	Percentage
					Change
Land	\$ 1,324,500	\$ 1,324,500	\$ 1,324,500	\$ 1,324,500	
Site Improvements	270,456	314,104	270,456	314,104	
Buildings & Building					
Improvements	7,784,314	7,938,673	7,784,314	7,938,673	
Machinery and Equipment	165,823	190,941	165,823	190,941	
Total	\$ 9,545,093	\$ 9,768,218	\$ 9,545,093	\$ 9,768,218	-2.28%

Long-Term Liabilities

At year-end, the District had \$1,879,967 of net pension liability and \$159,840 in other long-term liabilities outstanding – an increase of \$147,661 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 6 to the financial statements.)

Figure A-7

Outstanding Long-Term Liabilities	Total School District		Total Percentage Change
	2020/2021	2019/2020	2020/2021
Other Long Term Liabilities	\$ 159,840	\$ 86,770	
Net Pension Liability - PERS	1,879,967	1,805,376	
Total	\$ 2,039,807	\$ 1,892,146	7.80%

- The District experienced an increase of \$74,591 in net pension liability.
- The District had \$100,690 in Compensated Absences Payable outstanding – an increase of \$13,920 from the prior year.
- The District had \$59,150 in capital leases outstanding.

Factors Bearing on the District’s Future

The District closed the 2020-21 fiscal year with an Unassigned General Fund fund balance of \$483,047 on the budgetary basis of accounting, which is less than the maximum of 4.00% currently permitted by state law. The Capital Reserve represents funds set aside for capital building improvements and repairs in future years.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, customers and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 205 Valley Road, Haworth, New Jersey 07641.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HAWORTH BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 994,616	\$ 118,031	\$ 1,112,647
Receivables:			
State	202,680		202,680
Internal Balances	2,555	(2,555)	
Restricted Assets:			
Cash and Cash Equivalents	2,756,813		2,756,813
Capital Assets Net:			
Sites (Land)	1,324,500		1,324,500
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	8,220,593		8,220,593
Total Assets	<u>13,502,617</u>	<u>115,476</u>	<u>13,618,093</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	628,964		628,964
Total Deferred Outflows of Resources	<u>628,964</u>		<u>628,964</u>
LIABILITIES:			
Accounts Payable	338,519	636	339,155
Payable to Federal Government	11,351		11,351
Unearned Revenue	5,014		5,014
Noncurrent Liabilities:			
Due Within One Year	17,757		17,757
Due Beyond One Year	2,022,050		2,022,050
Total Liabilities	<u>2,394,691</u>	<u>636</u>	<u>2,395,327</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	1,036,671		1,036,671
Total Deferred Inflows of Resources	<u>1,036,671</u>		<u>1,036,671</u>
NET POSITION:			
Investment in Capital Assets	9,485,943		9,485,943
Restricted for:			
Capital Projects	2,697,211		2,697,211
Emergency	50,000		50,000
Excess Surplus	125,000		125,000
Student Activities	9,602		9,602
Unrestricted (Deficit)	<u>(1,667,537)</u>	<u>114,840</u>	<u>(1,552,697)</u>
Total Net Position	<u>\$ 10,700,219</u>	<u>\$ 114,840</u>	<u>\$ 10,815,059</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

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

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 5,764,481	\$	1,526,538	\$ (4,237,943)		\$ (4,237,943)
Special Education	884,449		681,089	(203,360)		(203,360)
Other Special	742,565			(742,565)		(742,565)
Support Services:						
Tuition	624,743		85,833	(538,910)		(538,910)
Student & Instruction Related Services	1,516,728	\$ 53,232	478,761	(984,735)		(984,735)
General Administrative Services	516,873			(516,873)		(516,873)
School Administrative Services	195,654			(195,654)		(195,654)
Central Services	286,247			(286,247)		(286,247)
Administrative Technology Services	29,455			(29,455)		(29,455)
Plant Operations and Maintenance	1,066,858			(1,066,858)		(1,066,858)
Pupil Transportation	35,617		30,721	(4,896)		(4,896)
Capital Outlay	80,351			(80,351)		(80,351)
Total Governmental Activities	11,744,021	53,232	2,802,942	(8,887,847)		(8,887,847)

HAWORTH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities: Afterschool Program	\$ 6,977	\$ 1,420			\$ (5,557)	\$ (5,557)
Total Business-Type Activities	6,977	1,420			(5,557)	(5,557)
Total Primary Government	\$ 11,750,998	\$ 54,652	\$ 2,802,942	\$ (8,887,847)	(5,557)	(8,893,404)
General Revenue and Other Item:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				9,242,325		9,242,325
Investment Earnings on Capital Reserve				1,010		1,010
Miscellaneous Income				146,011	100	146,111
Other Item - Refund of Prior Year Revenue					(2,600)	(2,600)
Total General Revenue and Other Item				9,389,346	(2,500)	9,386,846
Change in Net Position				501,499	(8,057)	493,442
Net Position - Beginning (Restated)				10,198,720	122,897	10,321,617
Net Position - Ending				\$ 10,700,219	\$ 114,840	\$ 10,815,059

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

HAWORTH BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 959,007	\$ 15,505	\$ 20,104		\$ 994,616
Interfund Receivable	22,659			\$ 2,697	25,356
Receivables From State Government	202,680				202,680
Receivables From Federal Government		860			860
Restricted Cash and Cash Equivalents	2,747,211	9,602			2,756,813
Total Assets	\$ 3,931,557	\$ 25,967	\$ 20,104	\$ 2,697	\$ 3,980,325
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 216,519				\$ 216,519
Interfunds Payable			\$ 20,104	\$ 2,697	22,801
Payable to Federal Government		\$ 11,351			11,351
Unearned Revenue		5,014			5,014
Total Liabilities	216,519	16,365	20,104	2,697	255,685
Fund Balances:					
Restricted:					
Capital Reserve Account	2,697,211				2,697,211
Emergency Reserve Account	50,000				50,000
Excess Surplus - 2021-2022	125,000				125,000
Student Activities		9,602			9,602
Assigned:					
Year-end Encumbrances	274,499				274,499
For Subsequent Year's Expenditures	114,694				114,694
Unassigned	453,634				453,634
Total Fund Balances	3,715,038	9,602			3,724,640
Total Liabilities and Fund Balances	\$ 3,931,557	\$ 25,967	\$ 20,104	\$ 2,697	

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.	9,545,093
Long-term liabilities, including bonds payable and other long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(159,840)
The net pension liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(1,879,967)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	506,964
Deferred Inflows	(1,036,671)
Net Position of Governmental Activities	\$ 10,700,219

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 9,242,325			\$ 9,242,325
Interest on Capital Reserve	1,010			1,010
Interest on Investments	1,687		\$ 17	1,704
Restricted Miscellaneous Revenue		\$ 53,232		53,232
Unrestricted Miscellaneous Revenue	144,307			144,307
Total - Local Sources	9,389,329	53,232	17	9,442,578
State Sources	2,278,580			2,278,580
Federal Sources		130,656		130,656
Total Revenues	11,667,909	183,888	17	11,851,814
EXPENDITURES:				
Current:				
Regular Instruction	3,301,986			3,346,809
Special Education Instruction	499,109	44,823		499,109
Other Special Instruction	154,648			154,648
Support Services and Undistributed Costs:				
Tuition	538,910	85,833		624,743
Student & Instruction Related Services	1,263,802	71,939		1,335,741
General Administrative Services	403,091			403,091
School Administrative Services	141,834			141,834
Central Services	212,752			212,752
Administrative Information Technology	29,455			29,455
Plant Operations and Maintenance	944,061			944,061
Pupil Transportation	35,617			35,617
Unallocated Benefits	3,253,638			3,253,638

HAWORTH BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Capital Outlay	\$ 84,770			\$ 84,770
Total Expenditures	10,863,673	\$ 202,595		11,066,268
Excess/(Deficiency) of Revenue over/(under) Expenditures	804,236	(18,707)	\$ 17	785,546
OTHER FINANCING SOURCES/(USES):				
Capital Leases (Non-Budgeted)	76,108			76,108
Transfers In	17			17
Transfers Out			(17)	(17)
Total Other Financing Sources/(Uses)	76,125		(17)	76,108
Net Change in Fund Balances	880,361	(18,707)		861,654
Fund Balance - July 1 (Restated)	2,834,677	28,309		2,862,986
Fund Balance - June 30	\$ 3,715,038	\$ 9,602	\$ -0-	\$ 3,724,640

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

HA WORTH BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 861,654

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from the capital asset additions for the current year.

Depreciation Expense	\$ (234,956)
Capital Asset Additions	<u>11,831</u>
	(223,125)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Proceeds from capital lease issues are a financing source in the governmental funds, they are not revenue in the statement of activities, issuing debt increases long-term liabilities in the statement of net position. (76,108)

Repayment of capital leases in an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 16,958

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	(74,591)
Change in Deferred Outflows	46,491
Change in Deferred Inflows:	<u>(35,860)</u>

Change in Net Position of Governmental Activities (Exhibit A-2)

	<u>\$ 501,499</u>
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

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

	<u>Business-Type Activities - Aftercare Program</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 118,031
Total Current Assets	<u>118,031</u>
Total Assets	<u>118,031</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Interfund Payable	2,555
Accounts Payable	<u>636</u>
Total Current Liabilities	<u>3,191</u>
<u>NET POSITION:</u>	
Unrestricted	<u>114,840</u>
Total Net Position	<u><u>\$ 114,840</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

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

	<u>Business-Type Activities - Aftercare Program</u>
Operating Revenue:	
Charges for Services:	
Program Fees	\$ 1,420
Total Operating Revenue	<u>1,420</u>
Operating Expenses:	
Miscellaneous Purchased Services	6,977
Total Operating Expenses	<u>6,977</u>
Operating Loss	<u>(5,557)</u>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	<u>100</u>
Total Non-Operating Revenue	<u>100</u>
Change in Net Position	(5,457)
Other Item:	
Refund of Prior Year Revenue	<u>(2,600)</u>
Change in Net Position After Other Item	(8,057)
Net Position - Beginning of Year	<u>122,897</u>
Net Position - End of Year	<u><u>\$ 114,840</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

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

	<u>Business-Type Activities - Aftercare Program</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,420
Payments to Vendors	(8,009)
Refunds to Customers	-
	-
Net Cash (Used for) Operating Activities	(6,589)
Cash Flows by Noncapital Financing Activities:	
Interest Revenue	100
	100
Net Cash Provided by Noncapital Financing Activities	100
Net Decrease in Cash and Cash Equivalents	(6,489)
Cash and Cash Equivalents, July 1	127,120
Cash and Cash Equivalents, June 30	\$ 120,631
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (5,557)
Adjustment to Reconcile Operating Loss to Cash (Used for) Operating Activities:	
Changes in Assets and Liabilities:	
(Decrease) in Accounts Payable	(1,032)
	(1,032)
Net Cash (Used for) Operating Activities	\$ (6,589)

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Haworth Board of Education (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of 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.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – *governmental and proprietary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: (Cont'd)

funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's aftercare program. This program provides after school activities. This fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting: (Cont'd)

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by unassigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 11,669,019	\$ 183,888
Differences - Budgetary:		
Prior Year State Aid Payments Recognized for GAAP Statements not Recognized for Budgetary Purposes	28,303	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(29,413)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 11,667,909	\$ 183,888
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,787,565	\$ 202,595
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 10,787,565	\$ 202,595

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents, and Investments: (Cont'd)

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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 restricted, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. The District has reviewed its capital assets for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 Years
Site Improvements	20 Years
Machinery and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized, and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2021.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$3,715,038 General Fund fund balance at June 30, 2021, \$274,499 is assigned for encumbrances, \$114,694 is assigned for subsequent year's expenditures, \$2,697,211 is restricted in the capital reserve account; \$50,000 is restricted in the emergency reserve; \$125,000 is prior year excess surplus designated for subsequent year's expenditures in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022; and \$453,634 is unassigned which is \$29,413 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2022.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2021 is \$9,602 and is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996(CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2021 as noted above.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$29,413 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit in Net Position:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2021 of \$1,667,537, which is primarily due to the net pension liability of \$1,879,967 and the changes in deferred inflows and outflows related to pensions. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows at June 30, 2021 related to pensions. The District had deferred outflows at June 30, 2021 related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision making authority. 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 restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, an emergency reserve, student activities, and excess surplus.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2021.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances and funds designated for the subsequent year's budget in the General Fund at June 30, 2021.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Operating Revenue and Expenses:

Operating revenue is revenue that is generated directly from the primary activity of the Enterprise Funds. For the School District, this revenue represents program fees for the aftercare program. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions:

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following two pages.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) 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.
- (5) Bonds or other obligations, having a maturity date 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”, P.L. 1983, c.313 (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 local units;

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) 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); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are 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 requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents				
	Restricted			Unrestricted	Total
	Capital Reserve	Emergency Reserve	Student Activities		
Checking and Savings Accounts	\$2,697,211	\$ 50,000	\$ 9,602	\$ 1,112,647	\$3,869,460

The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$3,869,460 and the bank balance was \$3,930,764. The District did not hold any investments during the fiscal year ended June 30, 2021.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Haworth Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amount 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-5.1(d)7, the balance in the account 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 July 1, 2020 to June 30, 2021 fiscal year is as follows:

Balance at June 30, 2020	\$ 2,045,742
Increased by:	
Interest Earned	\$ 1,010
Deposit by Board Resolution	650,459
	651,469
Balance at June 30, 2021	\$ 2,697,211

The June 30, 2021 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2021.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,324,500			\$ 1,324,500
Total Capital Assets not Being Depreciated	<u>1,324,500</u>			<u>1,324,500</u>
Capital Assets Being Depreciated				
Site Improvements	879,867			879,867
Buildings and Building Improvements	12,387,548			12,387,548
Machinery and Equipment	772,302	\$ 11,831		784,133
Total Capital Assets Being Depreciated	<u>14,039,717</u>	<u>11,831</u>		<u>14,051,548</u>
Governmental Activities Capital Assets	<u>15,364,217</u>	<u>11,831</u>		<u>15,376,048</u>
Less Accumulated Depreciation for:				
Site Improvements	(565,763)	(43,648)		(609,411)
Buildings and Building Improvements	(4,448,875)	(154,359)		(4,603,234)
Machinery and Equipment	(581,361)	(36,949)		(618,310)
Total Accumulated Depreciation	<u>(5,595,999)</u>	<u>(234,956)</u>		<u>(5,830,955)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,768,218</u>	<u>\$ (223,125)</u>	<u>\$ -0-</u>	<u>\$ 9,545,093</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 180,822
Special Education Instruction	10,526
Other Special Instruction	16,470
Student and Instruction Related Services	4,206
School Administrative Services	4,206
General Administrative Services	13,674
Plant Operations and Maintenance	5,052
	<u>\$ 234,956</u>

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2020</u>	<u>Issued/</u> <u>Accrued</u>	<u>Retired/</u> <u>Matured</u>	<u>Balance</u> <u>6/30/2021</u>
Compensated Absences Payable	\$ 86,770	\$ 23,920	\$ 10,000	\$ 100,690
Net Pension Liability - PERS	1,805,376	74,591		1,879,967
Obligations Under Capital Leases		76,108	16,958	59,150
	<u>\$ 1,892,146</u>	<u>\$ 174,619</u>	<u>\$ 26,958</u>	<u>\$ 2,039,807</u>

A. Bonds Payable:

The District had no serial bonds payable at June 30, 2021.

B. Bonds Authorized But Not Issued:

As of June 30, 2021, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

The District entered into a capital lease for the energy savings improvement program in the amount of \$76,108 of which \$16,958 has been liquidated as of June 30, 2021. The capital lease is for 5 years in length and will be liquidated by the General Fund. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2021.

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 20,111
2023	20,111
2024	20,111
2025	3,352
Total Minimum Lease Payments	<u>63,685</u>
Less: Amount representing interest	<u>4,535</u>
Present value of net minimum lease payments	<u>\$ 59,150</u>

The current portion of capital leases payable is \$17,757 and the long-term portion is \$41,393.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. The current portion of the compensated absences balance of the governmental funds in the current year is \$0. The long-term liability balance of compensated absences is \$100,690. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated balances of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, no liability existed for compensated absences in the proprietary fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$0- and the long-term portion is \$1,879,967. See Note 7 for further information on the PERS.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 (Continued)

NOTE 7. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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. 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 Tiers 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 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 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$126,114 for fiscal year 2021.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2021, the District reported a liability of \$1,879,967 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.01153%, which was an increase of 0.0015% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$190,073. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2016	5.57	\$ 60,988	
	2017	5.48		\$ 177,954
	2018	5.63		174,586
	2019	5.21		138,646
	2020	5.16		295,974
			<u>60,988</u>	<u>787,160</u>
Changes in Proportion	2016	5.57	20,090	
	2017	5.48	53,547	
	2018	5.63		163,190
	2019	5.21		79,673
	2020	5.16		
			<u>273,849</u>	<u>242,863</u>
			<u>347,486</u>	
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2017	5.00	(23,005)	
	2018	5.00	(21,336)	
	2019	5.00	5,163	
	2020	5.00	103,437	
			<u>64,259</u>	
Difference Between Expected and Actual				
Experience	2016	5.57	1,851	
	2017	5.48	5,292	
	2018	5.63		6,648
	2019	5.21	10,597	
	2020	5.16	16,491	
			<u>34,231</u>	<u>6,648</u>
District Contribution Subsequent to the				
Measurement Date	2020	1.00	122,000	
			<u>\$ 628,964</u>	<u>\$ 1,036,671</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the district contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2021	\$ (235,902)
2022	(215,070)
2023	(122,907)
2024	(49,702)
2025	(10,749)
	\$ (634,330)

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:

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%

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 (Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' 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>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 2,361,323	\$ 1,879,967	\$ 1,463,826

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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. 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 represents the membership tiers for TPAF:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

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 Tiers 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. 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 included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$1,102,201 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,642,285.

The employee contribution rate was 7.50% effective July 1, 2018.

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$26,409,979. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.0401%, which was an increase of 0.0052% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>26,409,979</u>
Total	<u>\$ 26,409,979</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$1,642,285 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Period in Years	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
				<u>7,815,939,253</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
				<u>986,767,511</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
				<u>656,175,235</u>
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

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.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' 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>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

Discount Rate – TPAF (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease 4.40%	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 31,021,614	\$ 26,409,979	\$ 22,580,791

Pension Plan Fiduciary Net Position - TPAF

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

Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$2,280 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$5,482 for the fiscal year ended June 30, 2021.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 (Continued)

NOTE 8. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

TD Bank/Legend	Equitable
Metropolitan Life Insurance Company	Valic

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

Property and Liability

The Haworth Board of Education is currently a member of the Northeast School Board Insurance Group (the “Group”). The Group provides Worker’s Compensation, Property Damage, Employer’s Liability, Automobile and Equipment Liability, School Board Legal Liability and Boiler and Machinery insurance coverage for member school districts. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Fund’s liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2021 financial information was not available as of the date of the audit. Selected summarized financial information for the Group as of June 30, 2020 is as follows:

Total Assets	\$ 33,363,950
Net Position	\$ 20,844,500
Total Revenue	\$ 14,825,180
Total Expenses	\$ 11,386,888
Change in Net Position	\$ 3,438,292
Members Dividends	\$ 2,150,955

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

Financial statements for the Group are available at the Group's Executive Director's Office:

Northeast Bergen County
School Board Insurance Group
44 Bergen Street
PO Box 270
Westwood, NJ 07675
(201)664-0310

New Jersey Unemployment Compensation Insurance

The Board of Education has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Board is required to remit employee withholdings to the State on a quarterly basis. All of the Board of Education's claims are paid by the State.

NOTE 10. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 11. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Grant Programs

The School District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Encumbrances

At June 30, 2021, there were encumbrances as detailed below in the governmental funds.

General Fund	Total Governmental Funds
\$ 274,499	\$ 274,499

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 12. COMMITMENTS AND CONTINGENCIES (Cont'd)

Litigation

The Board is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and covered by insurance would not materially affect the financial position of the District.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfunds payables or receivables on the various balance sheets as of June 30, 2021:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 22,659	
Capital Projects Fund		\$ 20,104
Debt Service Fund	2,697	2,697
Aftercare Program Enterprise Fund		2,555
	\$ 25,356	\$ 25,356

The general fund is owed \$2,555 from the enterprise fund for funds forwarded to pay expenses and will be returned to the general fund. The \$2,697 due to the debt service fund is for interest earned in the capital projects fund. The \$2,697 due from the debt service fund is to close out the fund to General Fund. The capital projects fund owes the general fund \$17,407 for expenses paid on its behalf and not yet turned over.

NOTE 14. ACCOUNTS PAYABLE

At year end June 30, 2021, the Board has the following accounts payable in the governmental funds:

	Governmental Funds		District Contribution Subsequent to Measurement Date	Business-Type Activities	
	General Fund	Total Governmental Funds		Total Governmental Activities	Proprietary Funds
	Vendors	\$ 54,186		\$ 54,186	
Payroll Deductions and Withholdings	162,333	162,333		162,333	
Due to:					
State of New Jersey			\$ 122,000	122,000	
	\$ 216,519	\$ 216,519	\$ 122,000	\$ 338,519	\$ 636

NOTE 15. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District did not make transfers to Capital outlay accounts.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more 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.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05%	2.00 - 6.00%
	based on	based on
	service years	service years
Thereafter	1.55 - 3.05%	3.00 - 7.00%
	based on	based on
	service years	service years

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 13,138,717
Changes for Year:	
Service Cost	546,384
Interest on the Total OPEB Liability	523,004
Differences between Expected and Actual Experience	(2,459,451)
Changes of Assumptions	172,606
Gross Benefit Payments by the State	(355,362)
Contributions from Members	10,534
Net Changes	(1,562,285)
Balance at June 30, 2019	\$ 11,576,432

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 13,676,341	\$ 11,576,432	\$ 9,908,379

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 9,908,379	\$ 11,576,432	\$ 13,676,341
<u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>			

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$205,607 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,347,731
	2018	9.51		1,159,231
	2019	9.29	\$ 154,026	
			154,026	2,506,962
Differences Between Expected and Actual Experience	2018	9.51		1,095,834
	2019	9.29		1,812,893
				2,908,727
Changes in Proportion	N/A	N/A	39,041	1,145,093
			\$ 193,067	\$ 6,560,781

N/A - Not Available

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (706,455)
2021	(706,455)
2022	(706,455)
2023	(706,455)
2024	(706,455)
Thereafter	(1,729,390)
	\$ (5,261,662)

NOTE 17. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution in July 2020. The account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 % of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. 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 for a withdrawal that was included in the original budget certified for taxes to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

The activity of the emergency reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Emergency Reserve

Balance at June 30, 2020	\$ 50,000
Balance at June 30, 2021	\$ 50,000

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. SUBSEQUENT EVENT NOTE

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

Aftercare program has resumed normal operations.

NOTE 19. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Student Activities Fund is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 10,170,411	\$ 28,309	\$ 10,198,720
 <u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:</u>			
Special Revenue Fund:			
Fund Balance - June 30	\$ -0-	\$ 28,309	\$ 28,309

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

HAWORTH BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0060019245%	0.0102414497%	0.0112299194%	0.0121393379%	0.0105904700%	0.0100195801%	0.0115283194%
District's proportionate share of the net pension liability	\$ 1,123,724	\$ 2,299,000	\$ 3,325,980	\$ 2,825,844	\$ 2,085,212	\$ 1,805,376	\$ 1,879,967
District's covered employee payroll	\$ 570,232	\$ 717,223	\$ 728,358	\$ 717,284	\$ 699,997	\$ 824,172	\$ 831,561
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	197.06%	320.54%	456.64%	393.96%	297.89%	219.05%	226.08%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 49,479	\$ 88,049	\$ 99,765	\$ 112,458	\$ 110,842	\$ 102,249	\$ 126,114
Contributions in relation to the contractually required contribution	(49,479)	(88,049)	(99,765)	(112,458)	(110,842)	(102,249)	(126,114)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 717,223	\$ 728,358	\$ 717,284	\$ 699,997	\$ 824,172	\$ 831,561	\$ 910,776
Contributions as a percentage of covered employee payroll	6.90%	12.09%	13.91%	16.07%	13.45%	12.30%	13.85%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HA WORTH BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - ATTRIBUTABLE TO THE DISTRICT
 TEACHERS' PENSION AND ANNUITY FUND
 LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.0374251988%	0.0363240299%	0.0390541479%	0.0400568115%	0.0374440018%	0.0348625407%	0.0401070038%
State's proportionate share of the net pension liability attributable to the District	\$ 20,002,551	\$ 22,958,338	\$ 30,722,479	\$ 27,007,747	\$ 23,821,070	\$ 23,821,070	\$ 26,409,979
District's covered employee payroll	\$ 3,766,281	\$ 3,779,559	\$ 3,951,013	\$ 3,636,435	\$ 3,711,490	\$ 4,076,006	\$ 4,113,437
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	531.10%	607.43%	777.58%	742.70%	641.82%	584.42%	642.04%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 727,021	\$ 3,302,561	\$ 2,308,367	\$ 1,870,960	\$ 1,388,685	\$ 1,261,962	\$ 1,642,285
Contributions in relation to the contractually required contribution	(196,381)	(312,683)	(434,806)	(551,418)	(685,662)	(879,700)	(1,102,201)
Contribution deficiency/(excess)	<u>\$ 530,640</u>	<u>\$ 2,989,878</u>	<u>\$ 1,873,561</u>	<u>\$ 1,319,542</u>	<u>\$ 703,023</u>	<u>\$ 382,262</u>	<u>\$ 540,084</u>
District's covered employee payroll	3,779,559	\$ 3,951,013	\$ 3,636,435	\$ 3,711,490	\$ 4,076,006	\$ 4,113,437	\$ 4,187,292
Contributions as a percentage of covered employee payroll	5.20%	7.91%	11.96%	14.86%	16.82%	21.39%	26.32%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Years Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 773,360	\$ 643,353	\$ 546,384
Interest Cost	510,371	594,032	523,004
Differences between Expected and Actual Experience		(2,369,574)	(2,459,451)
Changes in Assumptions	(2,119,242)	(1,507,734)	172,606
Member Contributions	13,747	12,142	10,534
Gross Benefit Payments	(373,323)	(351,325)	(355,362)
Net Change in Total OPEB Liability	(1,195,087)	(2,979,106)	(1,562,285)
Total OPEB Liability - Beginning	17,312,910	16,117,823	13,138,717
Total OPEB Liability - Ending	<u>\$ 16,117,823</u>	<u>\$ 13,138,717</u>	<u>\$ 11,576,432</u>
State's Covered Employee Payroll *	\$ 4,679,371	\$ 4,353,719	\$ 4,776,003
Total OPEB Liability as a Percentage of Covered Employee Payroll	344.44%	301.78%	242.39%

* - Covered payroll for the fiscal years ending June 30, 2017, June 30, 2018 and June 30, 2019 are based on the payroll on the June 30, 2016, June 30, 2017 and June 30, 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

HAWORTH BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections

HAWORTH BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

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

BUDGETARY COMPARISON SCHEDULES

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 9,242,325		\$ 9,242,325	\$ 9,242,325	\$ 1,687
Interest Earned	3,000		3,000	1,010	(1,990)
Interest Earned on Capital Reserve	25,000		25,000	144,307	119,307
Miscellaneous					
Total - Local Sources	9,270,325		9,270,325	9,389,329	119,004
State Sources:					
Special Education Aid	256,013	\$ (23,849)	232,164	232,164	
Transportation Aid	30,722		30,722	30,722	
Security Aid	33,319		33,319	33,319	
Adjustment Aid	2,172		2,172	2,172	
Extraordinary Aid	40,000		40,000	199,200	159,200
Non Public Transportation Aid				3,480	3,480
TPAF Pension Contributions (Non-Budgeted)				1,102,201	1,102,201
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				351,985	351,985
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				20,971	20,971
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				791	791
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				302,685	302,685
Total State Sources	362,226	(23,849)	338,377	2,279,690	1,941,313
TOTAL REVENUES	9,632,551	(23,849)	9,608,702	11,669,019	2,060,317

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 211,349	\$ (49,517)	\$ 161,832	\$ 161,832	
Grades 1-5	1,088,630	9,988	1,098,618	1,098,618	
Grades 6-8	1,421,237		1,421,237	1,388,489	\$ 32,748
Regular Programs - Home Instruction:	300		300		300
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	447,230	(87,801)	359,429	359,429	
Purchased Professional - Educational Services	169,000	(100,000)	69,000	68,502	498
Purchased Technical Services	47,250	15,000	62,250	59,581	2,669
Other Purchased Services		40,000	40,000	28,491	11,509
General Supplies	123,834	27,173	151,007	96,033	54,974
Textbooks	23,000		23,000	21,323	1,677
Other Objects	20,000		20,000	19,688	312
Total Regular Programs	<u>3,551,830</u>	<u>(145,157)</u>	<u>3,406,673</u>	<u>3,301,986</u>	<u>104,687</u>
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	628,157	(130,507)	497,650	497,650	
General Supplies	5,000		5,000	1,459	3,541
Total Resource Room/Resource Center/Total Special Education	<u>633,157</u>	<u>(130,507)</u>	<u>502,650</u>	<u>499,109</u>	<u>3,541</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School-Sponsored Co/Extra-Curricular Activities-Instruction:					
Salaries	\$ 26,000		\$ 26,000	\$ 11,708	\$ 14,292
Purchased Services	2,500		2,500	1,246	1,254
Supplies and Materials	16,000		16,000	214	15,786
Other Objects	1,250		1,250		1,250
Total School-Sponsored Co/Extra-Curricular Activities-Instruction	<u>45,750</u>		<u>45,750</u>	<u>13,168</u>	<u>32,582</u>
Bilingual Education:					
Salaries of Teachers	120,352		120,352	120,352	
General Supplies	1,250		1,250	285	965
Total Bilingual Education	<u>121,602</u>		<u>121,602</u>	<u>120,637</u>	<u>965</u>
Other Instructional Programs - Instruction:					
Summer School Program: Salaries of Teachers	24,720		24,720	20,843	3,877
Total Other Instructional Programs - Instruction	<u>24,720</u>		<u>24,720</u>	<u>20,843</u>	<u>3,877</u>
Total Instruction	<u>4,377,059</u>	<u>\$ (275,664)</u>	<u>4,101,395</u>	<u>3,955,743</u>	<u>145,652</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to CSSD & Regular Day School	\$ 95,718	\$ 48,563	\$ 144,281	\$ 144,281	
Tuition to Other LEAS Within the State - Special	394,629		394,629	394,629	
Total Instruction	490,347	48,563	538,910	538,910	
Attendance and Social Work:					
Salaries	48,687	5,640	54,327	48,788	\$ 5,539
Purchased Professional & Technical Services	18,000	(18,000)			
Supplies and Materials	125	(125)			
Total Attendance and Social Work	66,812	(12,485)	54,327	48,788	5,539
Health Services:					
Salaries	88,827		88,827	87,197	1,630
Purchased Professional and Technical Services	13,500		13,500	8,008	5,492
Other Purchased Services	500		500		500
Supplies and Materials	2,350		2,350	2,065	285
Total Health Services	105,177		105,177	97,270	7,907
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	56,998	36,050	93,048	93,048	
Purchased Professional - Educational Services	87,128	67,505	154,633	150,270	4,363
Supplies and Materials	1,000		1,000	120	880
Total Other Support Services - Speech, OT, PT and Related Services	145,126	103,555	248,681	243,438	5,243
Other Support Services - Extraordinary Services:					
Supplies and Materials	500		500		500
Total Other Support Services - Extraordinary Services	500		500		500

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Undistributed Expenditures:					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 62,419	\$ 120	\$ 62,539	\$ 62,539	
Salaries of Secretarial and Clerical Assistants	56,782		56,782	56,782	
Purchased Professional - Educational Services	2,000		2,000	300	\$ 1,700
Supplies and Materials	3,500		3,500		3,500
Total Other Support Services - Guidance	<u>124,701</u>	<u>120</u>	<u>124,821</u>	<u>119,621</u>	<u>5,200</u>
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	352,815	14,383	367,198	357,565	9,633
Salaries of Secretarial and Other Clerical Assistants	54,658	400	55,058	55,058	
Purchased Professional - Educational Services	41,000	(7,000)	34,000	15,128	18,872
Supplies and Materials	12,500		12,500	9,634	2,866
Other Objects	1,500		1,500	1,493	7
Total Other Support Services - Child Study Team	<u>462,473</u>	<u>7,783</u>	<u>470,256</u>	<u>438,878</u>	<u>31,378</u>
Improvement of Instructional Services:					
Salary of Supervisor of Instruction	27,244		27,244	27,244	
Salary of Secretary and Clerical Assistant	47,787		47,787	47,787	
Purchased Professional and Educational Services	41,000		41,000	23,818	17,182
Other Purchased Professional and Technical Services	70,380	779	71,159	70,859	300
Supplies and Materials	500		500	419	81
Total Improvement of Instructional Services	<u>186,911</u>	<u>779</u>	<u>187,690</u>	<u>170,127</u>	<u>17,563</u>
Educational Media Services/School Library:					
Salaries	86,057		86,057	86,057	
Supplies and Materials	7,000		7,000	6,768	232
Total Educational Media Services/School Library	<u>93,057</u>		<u>93,057</u>	<u>92,825</u>	<u>232</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	\$ 3,500		\$ 3,500	251	\$ 3,249
Purchased Professional and Educational Services	52,850		52,850	52,604	246
Total Instructional Staff Training Services	56,350		56,350	52,855	3,495
Support Services - General Administration:					
Salaries	246,031	\$ 6,187	252,218	252,218	
Legal Services	20,000	14,054	34,054	34,054	
Audit Fees	18,250	8,250	26,500	26,500	
Architectural / Engineering Services	3,000		3,000		3,000
Other Purchased Professional Services	6,500	(1,284)	5,216	5,216	
Purchased Technical Services	18,000	17,573	35,573	33,068	2,505
Communications/Telephone	17,000	1,955	18,955	18,241	714
BOE Other Purchased Services	10,000	(4,000)	6,000	5,720	280
Miscellaneous Purchased Services (400-500 series)	5,000	3,534	8,534	8,534	
General Supplies	10,000	138	10,138	5,099	5,039
Judgements Against the School District	17,500	(17,500)			
Miscellaneous Expenditures	9,500		9,500	9,133	367
BOE Membership Dues and Fees	5,500		5,500	5,308	192
Total Support Services - General Administration	386,281	28,907	415,188	403,091	12,097
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	125,000		125,000	125,000	
Purchased Professional and Technical Services	15,000		15,000	13,337	1,663
Supplies and Materials	7,000		7,000	2,208	4,792
Other Objects	3,500		3,500	1,289	2,211
Total Support Services - School Administration	150,500		150,500	141,834	8,666

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 172,691	\$ 12,476	\$ 185,167	\$ 185,167	
Purchased Technical Services	15,100		15,100	15,100	
Other Purchased Services	5,000		5,000		\$ 5,000
Supplies & Materials	10,500	995	11,495	11,495	
Miscellaneous Expenditures	5,000	(995)	4,005	990	3,015
Total Central Services	208,291	12,476	220,767	212,752	8,015
Administrative Information Technology Services:					
Purchased Technical Services	19,000		19,000	5,022	13,978
Supplies & Materials	5,256	32,475	37,731	24,433	13,298
Total Administrative Information Technology Services	24,256	32,475	56,731	29,455	27,276
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	125,808	24,694	150,502	148,520	1,982
General Supplies	25,000		25,000		25,000
Total Required Maintenance for School Facilities	150,808	24,694	175,502	148,520	26,982
Custodial Services:					
Salaries	335,000	24,505	359,505	359,505	
Salaries of Non-Instructional Aides	63,421	(62,250)	1,171	810	361
Cleaning, Repair, and Maintenance	25,000		25,000	25,000	
Lease Purchase Payments- Energy Savings Improvement Program	15,250	5,000	20,250	20,250	
Other Purchased Property Services	35,000	30,023	65,023	63,994	1,029
Insurance	100,000		100,000	100,000	
General Supplies	42,500		42,500	42,500	
Energy (Natural Gas)	55,000		55,000	35,962	19,038
Energy (Electricity)	83,000		83,000	70,396	12,604
Other Objects	20,000	40,000	60,000	58,290	1,710
Total Custodial Services	774,171	37,278	811,449	776,707	34,742

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	\$ 15,000	\$	15,000	\$ 15,000	
General Supplies	3,500		3,500	3,486	\$ 14
Other Objects	500		500	348	152
Total Care and Upkeep of Grounds	19,000		19,000	18,834	166
Student Transportation Services:					
Contracted Services - Aid in Lieu Payments- Non-public Schools	22,000		22,000	11,426	10,574
Contracted Services - (Other than Between Home and School) - Vendors	15,000		15,000		15,000
Contracted Services - (Special Ed Students) - Vendors	63,000		63,000	24,191	38,809
Misc. Purchased Services - Transportation	13,000		13,000		13,000
Total Student Transportation Services	113,000		113,000	35,617	77,383
Unallocated Benefits:					
Social Security Contributions	95,000	\$ 6,394	101,394	101,394	
Other Retirement Contributions - PERS	120,000	7,940	127,940	126,114	1,826
Other Retirement Contributions - Regular		2,280	2,280	2,280	
Unemployment Compensation	18,500	5,799	24,299	24,299	
Workmen's Compensation	78,055	(12,608)	65,447	41,690	23,757
Health Benefits	1,341,680	96,738	1,438,418	1,164,351	274,067
Tuition Reimbursement	15,000		15,000	207	14,793
Unused Sick Payments to Terminated/Retired Staff		14,670	14,670	14,670	
Total Unallocated Benefits	1,668,235	121,213	1,789,448	1,475,005	314,443

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
On-Behalf Contributions:					
TPAF Pension Contributions (Non-Budgeted)				\$ 1,102,201	\$ (1,102,201)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				351,985	(351,985)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				20,971	(20,971)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				791	(791)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				302,685	(302,685)
Total On-Behalf Contributions				1,778,633	(1,778,633)
Total Undistributed Expenditures	\$ 5,225,996	\$ 405,358	\$ 5,631,354	6,823,160	(1,191,806)
Total Expenditures - Current Expense	9,603,055	129,694	9,732,749	10,778,903	(1,046,154)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Required Maintenance for School Facilities	299,797	(23,849)	275,948	4,419	271,529
Total Equipment	299,797	(23,849)	275,948	4,419	271,529
Facilities Acquisition and Construction Services:					
Assessment for Debt Service- SDA Funding	4,243		4,243	4,243	
Total Facilities Acquisition and Construction Services	4,243		4,243	4,243	
Assets Acquired Under Capital Leases (Non-Budgeted):					
Undistributed Expenditures:					
Required Maintenance for School Facilities				76,108	(76,108)
Total Assets Acquired Under Capital Leases (Non-Budgeted):				76,108	(76,108)
Total Capital Outlay	304,040	(23,849)	280,191	84,770	195,421

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Total Expenditures	\$ 9,907,095	\$ 105,845	\$ 10,012,940	\$ 10,863,673	\$ (850,733)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(274,544)	(129,694)	(404,238)	805,346	1,209,584
Other Financing Sources:					
Capital Leases (Non-Budgeted)				76,108	76,108
Transfer From Capital Projects Fund				17	17
Total Other Financing Sources				76,125	76,125
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(274,544)	(129,694)	(404,238)	881,471	1,285,709
Fund Balance, July 1	2,862,980		2,862,980	2,862,980	
Fund Balance, June 30	<u>\$ 2,588,436</u>	<u>\$ (129,694)</u>	<u>\$ 2,458,742</u>	<u>\$ 3,744,451</u>	<u>\$ 1,285,709</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 2,697,211	
Capital Reserve				50,000	
Emergency Reserve				125,000	
Excess Surplus - 2021-2022					
Assigned Fund Balance:					
For Subsequent Year's Expenditures				114,694	
Year End Encumbrances				274,499	
Unassigned Fund Balance				483,047	
				<u>3,744,451</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				(29,413)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,715,038</u>	

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 85,833	\$ 44,823	\$ 130,656	\$ 130,656	
Local Sources		53,232	53,232	53,232	
Total Revenues	85,833	98,055	183,888	183,888	
EXPENDITURES:					
Instruction					
Tuition	85,833		85,833	85,833	
Total Instruction	85,833		85,833	85,833	
Support Services					
Supplies and Materials		44,823	44,823	44,823	
Student Activities		71,939	71,939	71,939	
Total Support Services		116,762	116,762	116,762	
Total Expenditures	85,833	116,762	202,595	202,595	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ (18,707)	\$ (18,707)	\$ (18,707)	\$ -0-

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 11,669,019	\$ 183,888
Difference - Budget to GAAP:		
Prior year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	28,303	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(29,413)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 11,667,909	\$ 183,888
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,863,673	\$ 202,595
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 10,863,673	\$ 202,595

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ending June 30, 2021, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

SPECIAL REVENUE FUND

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

	COVID-19					
	Emergency Relief CARES	Coronavirus Relief Fund Grant	Bergen County CARES Grant	IDEA Part B, Basic	Student Activities	Totals
REVENUE:						
Federal Sources	\$ 9,923	\$ 9,900	\$ 25,000	\$ 85,833	\$ 53,232	\$ 130,656
Local Sources					\$ 53,232	\$ 53,232
Total Revenue	9,923	9,900	25,000	85,833	53,232	183,888
EXPENDITURES:						
Instruction:						
Tuition				85,833		85,833
Total Instruction				85,833		85,833
Support Services:						
Supplies and Materials	9,923	9,900	25,000			44,823
Student Activities					71,939	71,939
Total Support Services	9,923	9,900	25,000		71,939	116,762
Total Expenditures	\$ 9,923	\$ 9,900	\$ 25,000	\$ 85,833	\$ 71,939	\$ 202,595

CAPITAL PROJECTS FUND

HAWORTH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Revenue and Other Financing Sources:	
Investment Income	\$ 17
	<hr/>
Total Revenues and Other Financing Sources	17
	<hr/>
Other Financing Uses:	
Transfers Out:	
Transfer to General Fund	17
	<hr/>
Total Other Financing Uses	17
	<hr/>
Fund Balance - Beginning Balance	-0-
	<hr/>
Fund Balance - Ending Balance	\$ -0-
	<hr/> <hr/>

PROPRIETARY FUNDS

HAWORTH BOARD OF EDUCATION
AFTERCARE PROGRAM ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 118,031
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Total Current Assets	<u>118,031</u>
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Total Assets	<u>118,031</u>
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LIABILITIES:

Current Liabilities:

Interfund Payable	2,555
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Accounts Payable	<u>636</u>
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Total Liabilities	<u>3,191</u>
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NET POSITION:

Unrestricted	<u>114,840</u>
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Total Net Position	<u><u>\$ 114,840</u></u>
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HAWORTH BOARD OF EDUCATION
AFTERCARE PROGRAM ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	
Charges for Services:	
Program Fees	\$ 1,420
Total Operating Revenue	<u>1,420</u>
Operating Expenses:	
Miscellaneous Purchased Services	<u>6,977</u>
Total Operating Expenses	<u>6,977</u>
Operating Loss	<u>(5,557)</u>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	<u>100</u>
Total Non-Operating Revenue	<u>100</u>
Change in Net Position Before Other Item	(5,457)
Other Item:	
Refund of Prior Year Revenue	<u>(2,600)</u>
Change in Net Position After Other Item	(8,057)
Net Position - Beginning of Year	<u>122,897</u>
Net Position - End of Year	<u>\$ 114,840</u>

HAWORTH BOARD OF EDUCATION
AFTERCARE PROGRAM ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,420
Payments to Vendors	(8,009)
Refunds to Customers	-
	<hr/>
Net Cash (Used for) Operating Activities	(6,589)
	<hr/>
Cash Flows from Investing Activities:	
Interest Revenue	100
	<hr/>
Net Cash Provided by Investing Activities	100
	<hr/>
Net Decrease in Cash and Cash Equivalents	(6,489)
	<hr/>
Cash and Cash Equivalents, July 1	127,120
	<hr/>
Cash and Cash Equivalents, June 30	\$ 120,631
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (5,557)
Adjustment to Reconcile Operating Loss to Cash (Used for) Operating Activities:	
Changes in Assets and Liabilities:	
(Decrease) in Accounts Payable	(1,032)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (6,589)
	<hr/> <hr/>

LONG-TERM DEBT

HAWORTH BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2021</u>
Energy Savings Improvement Program	5.110%	\$76,108	\$ 76,108	\$16,958	\$ 59,150
			<u>\$ 76,108</u>	<u>\$16,958</u>	<u>\$ 59,150</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the District’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 District’s overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

HA WORTH BOARD OF EDUCATION
NET ASSETS BY COMPONENT,
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	(Restated) 2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 3,364,587	\$ 4,710,078	\$ 5,968,195	\$ 6,943,345	\$ 8,138,466	\$ 8,449,112	\$ 8,742,950	\$ 9,493,326	\$ 9,768,218	\$ 9,485,943
Restricted	1,357,228	1,607,876	1,041,364	660,167	1,331,391	1,753,425	1,714,042	1,586,794	2,445,550	2,881,813
Unrestricted/(Deficit)	140,548	118,509	(641,392)	(15,093)	(1,206,558)	(1,640,249)	(1,876,570)	(1,916,318)	(2,015,048)	(1,667,537)
Total Governmental Activities Net Position	\$ 4,862,362	\$ 6,436,463	\$ 6,368,167	\$ 7,588,419	\$ 8,263,299	\$ 8,562,288	\$ 8,580,422	\$ 9,163,802	\$ 10,198,720	\$ 10,700,219
Business-Type Activities										
Unrestricted	\$ 14,691	\$ 34,889	\$ 22,533	\$ 33,675	\$ 55,204	\$ 79,630	\$ 100,203	\$ 114,605	\$ 122,897	\$ 114,840
Total Business-Type Activities Net Position	\$ 14,691	\$ 34,889	\$ 22,533	\$ 33,675	\$ 55,204	\$ 79,630	\$ 100,203	\$ 114,605	\$ 122,897	\$ 114,840
District-Wide										
Net Investment in Capital Assets	\$ 3,364,587	\$ 4,710,078	\$ 5,968,195	\$ 6,943,345	\$ 8,138,466	\$ 8,449,112	\$ 8,742,950	\$ 9,493,326	\$ 9,768,218	\$ 9,485,943
Restricted	1,357,228	1,607,876	1,041,364	660,167	1,331,391	1,753,425	1,714,042	1,586,794	2,445,550	2,881,813
Unrestricted/(Deficit)	155,238	153,398	(618,859)	18,582	(1,151,354)	(1,560,619)	(1,776,367)	(1,801,713)	(1,892,151)	(1,552,697)
Total District-Wide Net Position	\$ 4,877,053	\$ 6,471,352	\$ 6,390,700	\$ 7,622,094	\$ 8,318,503	\$ 8,641,918	\$ 8,680,625	\$ 9,278,407	\$ 10,321,617	\$ 10,815,059

Source: School District Financial Reports

HAWORTH BOARD OF EDUCATION
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction:										
Regular	\$ 3,879,062	\$ 3,906,058	\$ 3,923,628	\$ 4,980,945	\$ 5,430,627	\$ 6,407,853	\$ 6,465,551	\$ 5,659,259	\$ 5,312,029	\$ 5,764,481
Special Education	711,441	810,721	758,441	923,705	972,945	1,146,732	1,405,268	1,115,232	953,451	884,449
Other Instruction	191,061	231,894	219,615	256,156	277,702	197,640	210,511	709,096	749,879	742,565
Support Services:										
Tuition	322,790	359,741	440,516	257,840	259,668	388,094	544,940	528,491	420,706	624,743
Student & Instruction Related Services	1,128,282	1,234,213	1,286,442	1,366,370	1,560,594	1,792,492	1,803,943	1,394,347	1,287,723	1,516,728
General Administrative Services	511,427	565,759	351,255	350,864	365,582	376,497	470,174	510,087	481,293	516,873
School Administrative Services	286,258	268,198	234,090	265,121	332,214	237,453	226,257	194,119	194,119	195,654
Central Services			188,940	177,031	233,025	334,518	305,185	306,548	271,909	286,247
Administrative Technology Services			23,392	43,156	44,107	37,201	94,582	9,922	22,459	29,455
Plant Operations And Maintenance	812,855	799,938	834,823	844,668	876,764	902,058	1,043,945	1,037,278	938,792	1,066,838
Pupil Transportation	92,217	88,628	78,796	54,697	57,030	89,042	102,601	108,512	42,865	35,617
Special Schools			20,460							
Interest On Long-Term Debt	164,643	147,093	134,971	148,173	87,922	66,380	43,495	21,184	9,183	80,351
Capital Outlay	3,091	4,243	4,243	33,843	113,594	4,243	24,243			
Total Governmental Activities Expenses	<u>\$ 8,103,126</u>	<u>\$ 8,416,486</u>	<u>\$ 8,499,612</u>	<u>\$ 9,702,569</u>	<u>\$ 10,611,774</u>	<u>\$ 11,980,203</u>	<u>\$ 12,740,695</u>	<u>\$ 11,594,272</u>	<u>\$ 10,684,408</u>	<u>\$ 11,744,021</u>
Business-Type Activities:										
Aftercare Program	\$ 35,606	\$ 25,529	\$ 43,256	\$ 28,137	\$ 32,896	\$ 43,668	\$ 68,386	\$ 78,895	\$ 55,643	\$ 6,977
Total Business-Type Activities Expenses	<u>35,606</u>	<u>25,529</u>	<u>43,256</u>	<u>28,137</u>	<u>32,896</u>	<u>43,668</u>	<u>68,386</u>	<u>78,895</u>	<u>55,643</u>	<u>6,977</u>
Total District Expenses	<u>\$ 8,138,732</u>	<u>\$ 8,442,015</u>	<u>\$ 8,542,868</u>	<u>\$ 9,730,706</u>	<u>\$ 10,644,670</u>	<u>\$ 12,023,871</u>	<u>\$ 12,809,081</u>	<u>\$ 11,673,167</u>	<u>\$ 10,740,051</u>	<u>\$ 11,750,998</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Student & Instruction Related Services	\$ 92,233	\$ 58,033								\$ 53,232
Interest on Long-Term Debt	1,016,390	1,247,284								2,802,942
Operating Grants and Contributions										
Total Governmental Activities Program Revenues	<u>\$ 1,108,623</u>	<u>\$ 1,305,317</u>	<u>\$ 1,010,506</u>	<u>\$ 2,045,127</u>	<u>\$ 2,439,317</u>	<u>\$ 3,296,181</u>	<u>\$ 3,583,493</u>	<u>\$ 2,796,294</u>	<u>\$ 2,294,428</u>	<u>\$ 2,856,174</u>

HAWORTH BOARD OF EDUCATION
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-Type Activities:										
Changes For Services	\$ 8,292	\$ 45,670	\$ 30,840	\$ 39,215	\$ 54,325	\$ 67,836	\$ 87,635	\$ 90,700	\$ 61,863	\$ 1,420
Operating Grants and Contributions	33,940									
Total Business-Type Activities Program Revenues	\$ 42,232	\$ 45,670	\$ 30,840	\$ 39,215	\$ 54,325	\$ 67,836	\$ 87,635	\$ 90,700	\$ 61,863	\$ 1,420
Total District Program Revenues	\$ 1,150,855	\$ 1,350,987	\$ 1,041,346	\$ 2,084,342	\$ 2,493,642	\$ 3,364,017	\$ 2,943,809	\$ 2,946,874	\$ 61,863	\$ 1,420
Net (Expenses)/Revenue	\$ (6,994,503)	\$ (7,111,169)	\$ (7,489,106)	\$ (7,657,442)	\$ (8,172,457)	\$ (8,684,022)	\$ (9,157,202)	\$ (8,797,978)	\$ (8,389,980)	\$ (8,887,847)
Governmental Activities	6,626	20,141	(12,416)	11,078	21,429	24,168	19,249	11,805	6,220	(5,557)
Business-Type Activities	\$ (6,987,877)	\$ (7,091,027)	\$ (7,501,522)	\$ (7,646,364)	\$ (8,151,028)	\$ (8,659,854)	\$ (9,137,953)	\$ (8,786,173)	\$ (8,383,760)	\$ (8,893,404)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 7,597,573	\$ 7,749,524	\$ 7,902,965	\$ 8,059,443	\$ 8,219,020	\$ 8,381,757	\$ 8,549,392	\$ 8,720,371	\$ 9,061,991	\$ 9,242,325
Taxes Levied for Debt Service	450,621	467,286	546,693	529,964	538,231	516,315	497,040	480,611	250,803	
Federal and State Aid not Restricted	40,804	6,150	221,028	240,742	80,859	76,883	73,528	71,416		
Investment Earnings	2,197	3,804					11,376	25,332	19,334	1,010
Miscellaneous Income	61,347	68,235	13,756	47,545	9,227	8,056	44,000	83,628	64,461	146,011
Adjustment to Capital Assets	246,552									
N.J. Economic Development Authority Grants	8,399,094	8,879,272	8,684,442	8,877,694	8,847,337	8,983,011	9,175,336	9,381,358	9,396,589	9,389,346
Total Governmental Activities	17	57	60	64	100	258	1,324	2,597	2,072	100
Business-Type Activities:										
Investment Earnings										
Other Item	17	57	60	64	100	258	1,324	2,597	2,072	(2,600)
Total Business-Type Activities	\$ 8,399,111	\$ 8,879,329	\$ 8,684,502	\$ 8,877,758	\$ 8,847,437	\$ 8,983,269	\$ 9,176,660	\$ 9,383,955	\$ 9,398,661	\$ 9,386,846
Total District-Wide	\$ 1,404,591	\$ 1,768,103	\$ 1,195,336	\$ 1,220,252	\$ 674,880	\$ 298,989	\$ 18,134	\$ 583,380	\$ 1,006,609	\$ 501,499
Change in Net Position:	6,644	20,198	(12,356)	11,142	21,529	24,426	20,573	14,402	8,292	(8,057)
Governmental Activities	\$ 1,411,235	\$ 1,788,302	\$ 1,182,980	\$ 1,231,394	\$ 696,409	\$ 323,415	\$ 38,707	\$ 597,782	\$ 1,014,901	\$ 493,442
Business-Type Activities										
Total District										

Source: School District Financial Reports

HAWORTH BOARD OF EDUCATION
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
UNAUDITED
 (modified accrual basis of accounting)

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	(Restated) 2020	2021
General Fund										
Restricted	\$ 779,865	\$ 1,453,729	\$ 833,623	\$ 459,801	\$ 1,329,562	\$ 1,752,300	\$ 1,728,495	\$ 1,584,736	\$ 2,417,241	\$ 2,872,211
Assigned	50,000	117,651	471,981	559,147	1,050		32,644	33,928	81,045	389,193
Unassigned	244,035	250,000	249,559	269,442	308,635	244,478	246,229	371,365	336,391	453,634
Total General Fund	\$ 1,073,900	\$ 1,821,380	\$ 1,555,163	\$ 1,288,390	\$ 1,639,247	\$ 1,996,778	\$ 2,007,368	\$ 1,990,029	\$ 2,834,677	\$ 3,715,038
All Other Governmental Funds										
Restricted, Reported In:										
Capital Projects Fund	\$ 286,894	\$ 23,499	\$ 190,627	\$ 198,769						
Debt Service Fund	37,648	16,779	17,114	1,597	1,829	1,125	1,137	2,058		9,602
Student Activities										
Committed, Reported In:										
Capital Projects Fund	312,837			546,220	28,313	11,505				
Total All Other Governmental Funds	\$ 637,379	\$ 40,278	\$ 207,741	\$ 746,586	\$ 30,142	\$ 12,630	\$ 1,137	\$ 2,058	\$ 28,309	\$ 9,602
Total Governmental Funds:										
Restricted	\$ 1,104,407	\$ 1,494,007	\$ 1,041,364	\$ 660,167	\$ 1,331,391	\$ 1,753,425	\$ 1,729,632	\$ 1,586,794	\$ 2,417,241	\$ 2,881,813
Assigned	362,837	117,651	471,981	1,105,367	29,363	11,505	32,644	33,928	81,045	389,193
Unassigned	244,035	250,000	249,559	269,442	308,635	244,478	246,229	371,365	336,391	453,634
Total Governmental Funds:	\$ 1,711,279	\$ 1,861,658	\$ 1,762,904	\$ 2,034,976	\$ 1,669,389	\$ 2,009,408	\$ 2,008,505	\$ 1,992,087	\$ 2,834,677	\$ 3,724,640

Source: School District Financial Reports

HAWORTH BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 8,140,427	\$ 8,274,843	\$ 8,449,658	\$ 8,589,407	\$ 8,757,251	\$ 8,898,072	\$ 9,046,432	\$ 9,200,982	\$ 9,312,794	\$ 9,242,325
Interest Earnings-Capital Reserve	2,197	3,804	1,077	500	216	1,802	12,148	25,332	19,334	1,010
Miscellaneous	156,846	83,775	32,679	47,045	9,011	6,254	43,228	83,629	64,461	199,243
State Sources	848,731	1,143,703	1,119,961	1,314,728	1,338,297	1,426,194	1,561,753	1,799,502	1,962,165	2,278,580
Federal Sources	112,964	94,191	91,573	91,197	92,748	89,063	87,127	90,113	76,596	130,656
Total Revenue	9,261,165	9,600,316	9,694,948	10,042,877	10,197,523	10,421,385	10,750,688	11,199,558	11,435,350	11,851,814
Expenditures										
Instruction										
Regular Instruction	2,807,664	2,710,669	2,836,129	2,901,190	3,004,135	3,123,175	3,209,086	3,238,210	3,175,058	3,346,809
Special Education Instruction	518,057	599,328	558,069	542,041	531,503	541,511	675,253	625,300	560,443	499,109
Other Instruction	141,706	157,655	155,027	168,237	180,103	118,731	119,481	196,311	207,618	154,648
Support Services:										
Tuition	322,790	359,741	440,516	257,840	259,668	389,655	546,470	528,491	420,706	624,743
Student & Instruction Related Services	848,861	915,970	982,490	1,092,208	1,161,229	1,208,511	1,228,489	1,158,857	1,135,286	1,335,741
General Administrative Services	430,440	454,553	318,864	298,418	293,274	287,356	349,796	365,716	372,703	403,091
School Administrative Services	213,882	193,340	174,416	211,154	244,320	150,361	147,521	131,932	141,671	141,834
Central Services			161,308	157,710	185,482	231,123	199,243	209,431	198,378	212,752
Administrative Information Technology			23,392	37,809	35,301	28,759	64,552	8,597	22,459	29,455
Plant Operations And Maintenance	747,854	739,207	727,687	771,955	752,590	739,845	840,363	924,745	771,332	944,061
Pupil Transportation	92,217	88,628	78,796	54,697	57,030	89,042	102,601	108,512	42,865	35,617
Unallocated Benefits	1,676,739	1,913,698	1,774,072	1,960,340	2,254,843	2,558,116	2,673,165	2,823,093	3,029,585	3,253,638
Special Schools			15,029							
Capital Outlay	221,015	435,020	914,558	687,201	983,877	21,051	24,243	344,088	262,716	84,770
Debt service:										
Principal	443,768	481,017	498,378	515,000	525,000	520,000	520,000	525,000	247,000	
Interest And Other Charges	171,496	154,560	134,971	115,005	94,755	74,130	51,328	27,693	4,940	
Total Expenditures	8,636,489	9,203,385	9,793,702	9,770,805	10,563,110	10,081,366	10,751,591	11,215,976	10,592,760	11,066,268
Excess (Deficiency) Of Revenues Over (Under) Expenditures	624,675	396,931	(98,754)	272,072	(365,587)	340,019	(903)	(16,418)	842,590	785,546

HAWORTH BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

UNAUDITED
(modified accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources (Uses)										
N.J. Economic Development Authority Grants	\$ 246,552									
Debt Service Assessment	(3,091)									
Capital Leases (Non-Budgeted)										\$ 76,108
Transfers In	370,159	\$ 329	\$ 750,665	\$ 1,341,503	\$ 551,691	\$ 228	\$ 12,277	\$ 341,432	\$ 1,597	17
Transfers Out	(370,159)	(329)	(750,665)	(1,341,503)	(551,691)	(228)	(12,277)	(341,432)	(1,597)	(17)
Total Other Financing Sources (Uses)	243,461									76,108
Net Change In Fund Balances	\$ 868,136	\$ 396,931	\$ (98,754)	\$ 272,072	\$ (365,587)	\$ 340,019	\$ (903)	\$ (16,418)	\$ 842,590	\$ 861,654
Debt Service As A Percentage Of Noncapital Expenditures	7.31%	7.25%	7.13%	6.94%	6.47%	5.91%	5.33%	5.08%	2.44%	0.00%

Source: School District Financial Reports

HAWORTH BOARD OF EDUCATION
OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Interest on Investments	Other	Total
2012	\$ 1,751	\$ 33,311	\$ 35,062
2013	3,475	68,235	71,710
2014	1,077	12,014	13,091
2015	2,758	23,855	26,613
2016	216	8,114	8,330
2017	1,802	6,026	7,828
2018	24,896	29,708	54,604
2019	46,354	61,020	107,374
2020	38,673	44,784	83,457
2021	2,697	144,307	147,004

Source: Haworth Board of Education records

HAWORTH BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY.
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land		Residential	Commercial	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2011	\$ 14,497,100	\$ 683,091,200	\$ 98,935,300	\$ 796,523,600	\$ 534,748	\$ 797,058,348	\$ 1.01	\$ 1,047,745,035		
2012	14,802,000	683,084,200	97,551,200	795,437,400	507,416	795,944,816	1.03	1,036,587,284		
2013	15,354,600	681,765,000	97,638,300	794,757,900	577,488	795,335,388	1.05	988,226,052		
2014	15,027,000	683,331,400	94,794,900	793,153,300	571,705	793,725,005	1.07	927,314,313		
2015	13,886,600	684,502,500	92,027,800	790,416,900	\$ 73,545,200	790,989,278	1.06	947,007,450		
2016	12,288,800	688,316,600	91,150,400	791,755,800	581,033	792,336,833	1.15	938,535,971		
2017	12,100,500	691,773,000	91,150,400	795,023,900	613,996	795,637,896	1.13	918,832,229		
2018	12,041,100	699,524,400	91,125,400	802,690,900	584,214	803,275,114	1.14	937,029,912		
2019	11,304,000	703,395,900	91,125,400	805,825,300	589,249	806,414,549	1.15	935,150,231		
2020	10,346,000	709,836,000	84,689,800	804,871,800	589,673	805,461,473	1.15	935,652,660		

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

HAWORTH BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

Year Ended December 31,	Haworth Board of Education				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate		Total Direct	Borough of Haworth	Regional High School	Bergen County		
	Basic Rate ^a	General Obligation Debt Service ^b						
2011	\$ 0.98	\$ 0.03	\$ 1.01	\$ 0.69	\$ 0.57	\$ 0.27	\$ 2.55	
2012	1.00	0.03	1.03	0.70	0.62	0.29	2.64	
2013	0.97	0.08	1.05	0.70	0.66	0.29	2.70	
2014	1.00	0.07	1.07	0.71	0.69	0.27	2.74	
2015	1.00	0.07	1.06	0.73	0.72	0.28	2.79	
2016	1.08	0.07	1.15	0.76	0.72	0.28	2.91	
2017	1.07	0.06	1.13	0.77	0.69	0.29	2.88	
2018	1.08	0.06	1.14	0.77	0.67	0.29	2.86	
2019	1.12	0.03	1.15	0.78	0.69	0.28	2.91	
2020	1.15		1.15	0.79	0.70	0.29	2.92	

Source: Municipal Tax Collector and School Business Administrator

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

HAWORTH BOARD OF EDUCATION
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2021		2012		Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value			
United Water NJ		\$ 51,789,000			N/A	N/A	N/A
Haworth Country Club LLC		10,501,900			N/A	N/A	N/A
White Beeches Golf & Country Club		7,806,700			N/A	N/A	N/A
Haworth Country Club LLC		7,498,100			N/A	N/A	N/A
Individual Taxpayer #1		2,207,500			N/A	N/A	N/A
White Beeches Realty Corp.		1,693,300			N/A	N/A	N/A
Individual Taxpayer #2		1,638,500			N/A	N/A	N/A
Individual Taxpayer #3		1,564,600			N/A	N/A	N/A
Individual Taxpayer #4		1,553,800			N/A	N/A	N/A
Individual Taxpayer #5		1,534,600			N/A	N/A	N/A
Total		<u>\$ 87,788,000</u>		<u>11.73%</u>			

N/A - Information not available
 Source: Municipal Tax Assessor

HAWORTH BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2012	\$ 8,140,427	\$ 8,140,427	100.00%	\$ -0-
2013	8,274,843	8,274,843	100.00%	-0-
2014	8,449,658	8,449,658	100.00%	-0-
2015	8,589,407	8,589,407	100.00%	-0-
2016	8,757,251	8,757,251	100.00%	-0-
2017	8,898,072	8,898,072	100.00%	-0-
2018	9,046,432	9,046,432	100.00%	-0-
2019	9,200,982	9,200,982	100.00%	-0-
2020	9,312,794	8,381,515	90.00%	931,279
2021	9,242,325	9,242,325	100.00%	-0-

Source: Haworth Board of Education records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

HAWORTH BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	School Facilities Loans			
2012	\$ 3,697,000	\$ -0-	\$ 134,395	\$ 3,831,395	1.56%	\$ 1,127
2013	3,282,000	-0-	68,378	3,350,378	1.67%	981
2014	2,852,000	-0-		2,852,000	1.12%	835
2015	2,337,000	-0-		2,337,000	0.88%	684
2016	1,812,000	-0-		1,812,000	0.67%	531
2017	1,292,000	-0-		1,292,000	0.46%	377
2018	772,000	-0-		772,000	0.26%	226
2019	247,000	-0-		247,000	0.08%	73
2020	-0-	-0-		-0-	0.00%	-0-
2021	-0-	59,150		59,150	0.02%	18

Source: School District Financial Reports

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

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

HAWORTH BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2012	\$ 3,697,000	\$ 3,697,000	0.46%	\$ 1,087
2013	3,282,000	3,282,000	0.41%	961
2014	2,852,000	2,852,000	0.36%	835
2015	2,337,000	2,337,000	0.29%	684
2016	1,812,000	1,812,000	0.23%	531
2017	1,292,000	1,292,000	0.16%	377
2018	772,000	772,000	0.10%	226
2019	247,000	247,000	0.03%	73
2020	-0-	-0-	0.00%	-0-
2021	-0-	-0-	0.00%	-0-

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

HAWORTH BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Haworth	\$ 6,689,021	100.00%	\$ 6,689,021
Bergen County General Obligation Debt (Borough Share)	954,754,121	0.49%	4,655,706
Northern Valley Regional High School District	14,272,000	100.00%	14,272,000
Other Debt:			
Bergen County Utilities Authority (Water Pollution)	110,938,732	0.57%	634,237
Subtotal, Overlapping Debt			26,250,963
Haworth School District Direct Debt			-0-
Total Direct And Overlapping Debt			<u>\$ 26,250,963</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Bergen County Board of Taxation; debt outstanding data provided by each governmental unit.

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

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

HAWORTH BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized valuation basis

2020	\$ 936,115,143
2019	935,374,695
2018	<u>930,116,918</u>
	<u>\$2,801,606,756</u>

Average Equalized Valuation of Taxable Property \$ 933,868,919

Debt Limit (3% of average equalization value) 28,016,068

Net Bonded School Debt -0-

Legal Debt Margin \$ 28,016,068

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 31,012,103	\$ 30,688,923	\$ 29,516,698	\$ 28,640,660	\$ 28,120,737
Total Net Debt Applicable to Limit	<u>3,831,395</u>	<u>3,350,378</u>	<u>2,852,000</u>	<u>2,337,000</u>	<u>1,812,000</u>
Legal Debt Margin	<u>\$ 27,180,708</u>	<u>\$ 27,338,545</u>	<u>\$ 26,664,698</u>	<u>\$ 26,303,660</u>	<u>\$ 26,308,737</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	12.35%	10.92%	9.66%	8.16%	6.44%

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt Limit	\$ 27,980,115	\$ 27,758,593	\$ 27,704,609	\$ 27,922,009	\$ 28,016,068
Total Net Debt Applicable to Limit	<u>1,292,000</u>	<u>772,000</u>	<u>247,000</u>	<u></u>	<u></u>
Legal Debt Margin	<u>\$ 26,688,115</u>	<u>\$ 26,986,593</u>	<u>\$ 27,457,609</u>	<u>\$ 27,922,009</u>	<u>\$ 28,016,068</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	4.62%	2.78%	0.89%	0.00%	0.00%

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
Department of Treasury, Division of Taxation

HAWORTH BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>Bergen County Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2012	3,401	\$ 245,388,952	\$ 72,152	8.00%
2013	3,416	200,653,335	71,679	11.30%
2014	3,415	254,253,580	74,452	4.00%
2015	3,417	265,384,722	77,666	3.30%
2016	3,414	270,201,030	79,145	3.10%
2017	3,430	279,486,690	81,483	2.70%
2018	3,414	293,436,714	85,951	2.40%
2019	3,393	303,524,208	89,456	2.30%
2020	3,374	301,824,544 ***	89,456 *	6.70%
2021	3,374 **	301,824,544 ***	89,456 *	N/A

* - Latest Bergen County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

*** - Latest population data available (2020) and latest available Bergen County per capita personal income (2019) was used for calculation purposes.

N/A - Not Available

Source: School District Reports

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

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

HA WORTH BOARD OF EDUCATION
PRINCIPAL EMPLOYERS, BERGEN COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2020		2011		Percentage of Total Employment
	Employees	Percentage of Total Employment	Employer	Employees	
Hackensack University Medical Center	9,000	N/A	N/A	N/A	N/A
Valley Health Systems, Inc	4,660	N/A	N/A	N/A	N/A
Bio-Reference Laboratories, Inc.	2,900	N/A	N/A	N/A	N/A
Express Scripts	2,676	N/A	N/A	N/A	N/A
County of Bergen	2,390	N/A	N/A	N/A	N/A
Quest Diagnostics, Inc.	2,700	N/A	N/A	N/A	N/A
KPMG LLP	2,100	N/A	N/A	N/A	N/A
Englewood Hospital and Medical Center	2,002	N/A	N/A	N/A	N/A
Englewood Home Health Care Services	1,985	N/A	N/A	N/A	N/A
Unilever Best Foods	1,900	N/A	N/A	N/A	N/A
	<u>32,313</u>	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>

N/A - Information not available

Source: Bergen County Economic Development Corporation

HAWORTH 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	47.0	47.0	47.0	47.0	48.0	48.0	50.0	50.0	48.0	50.0
Special Education	10.0	10.0	10.0	10.0	11.0	11.0	12.0	12.0	12.0	12.0
Support Services:										
Health Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General Administrative Services	3.0	3.0	3.0	3.0	4.0	4.0	4.0	5.0	5.0	5.0
Guidance-Professional/Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Child Study Team/Support	4.0	4.0	4.0	4.0	5.0	4.5	4.5	5.0	5.0	5.0
Plant Operations and Maintenance	1.0	1.0	1.0	1.0	5.0	5.0	5.0	5.0	5.0	5.5
Media Services Technology	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Principal/School Administration	3.0	3.0	3.0	3.0	2.0	3.0	3.0	3.0	3.0	3.0
Total	72.0	72.0	72.0	72.0	78.0	78.5	81.5	83.0	81.0	83.5

Source: District Personnel Records

HAWORTH BOARD OF EDUCATION
OPERATING STATISTICS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily		% Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) ^c	Attendance (ADA) ^c		
2012	438	\$ 7,800,211	\$ 17,809	12.27%	46	9:5.1	439	416	-9.65%	94.72%
2013	436	8,132,788	18,653	4.74%	45	9:3.1	430	417	-2.07%	97.05%
2014	432	8,245,795	19,087	2.33%	45	9:2.1	434	417	0.93%	96.08%
2015	404	8,453,599	20,925	9.63%	45	9:1.1	408	394	-5.99%	96.57%
2016	424	8,959,478	21,131	0.98%	45	9:1.0	424	408	3.92%	96.23%
2017	422	9,466,185	22,432	6.16%	45	9:1.1	422	412	-0.47%	97.63%
2018	404	10,051,002	24,879	10.91%	50	9:1.1	418	411	-0.95%	98.33%
2019	409	10,319,194	25,230	1.41%	51	8:1	407	390	-2.63%	95.82%
2020	398	10,078,104	25,322	0.36%	48	8:1	395	385	-2.95%	97.47%
2021	430	10,981,498	25,538	0.85%	50	8:1	430	418	8.86%	97.21%

Source: Haworth Board of Education records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil Calculations.

HAWORTH BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary										
Haworth School:										
Square Feet	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230
Capacity (students)	544	544	544	544	544	544	544	544	544	544
Enrollment	438	436	432	404	424	422	404	409	398	430

Number of Schools at June 30, 2021
 Elementary = 1

Source: Haworth Board of Education Facilities Office

Note: Enrollment is based on the annual October district count.

HAWORTH BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures:
 Required Maintenance for School Facilities
 11-000-261-XXX

School Facilities *	Projects #	2012	2013	2014	2015	2016
Haworth School	N/A	\$ 92,264	\$ 118,938	\$ 58,080	\$ 113,898	\$ 99,340
		<u>\$ 92,264</u>	<u>\$ 118,938</u>	<u>\$ 58,080</u>	<u>\$ 113,898</u>	<u>\$ 99,340</u>
School Facilities *	Projects #	2017	2018	2019	2020	2021
Haworth School	N/A	\$ 122,262	\$ 132,504	\$ 146,324	\$ 64,339	\$ 148,520
		<u>\$ 122,262</u>	<u>\$ 132,504</u>	<u>\$ 146,324</u>	<u>\$ 64,339</u>	<u>\$ 148,520</u>

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Haworth Board of Education records

HAWORTH BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

Company	Type of Coverage	Coverage	Deductible
Selective Insurance Company	Property	\$ 15,423,903	\$ 5,000
	Flood and Earthquake	5,000,000	50,000
	Flood - within Special Flood Hazard Area Zone B Zones A and V	1,000,000	500,000
	Automobile Coverage	1,000,000	1,000
	Comprehensive General Liability	1,000,000	
	Crime (Non-Statutory Bonds) Per Employee Excess	100,000 400,000	5,000
	Boiler and Machinery	15,423,903	5,000
ACE	Environmental	4,000,000 20,000,000 Group Aggregate	15,000
Darwin	Educator's Legal Liability Employment Practices	1,000,000	25,000 50,000
XL	Cyber Liability XL Group Insurance	1,000,000/2,000,000 Each Claim 6,000,000 Group Aggregate	15,000/25,000
Firemen's Fund	Commercial Umbrella - Selective Ins. Co. Excess Umbrella	9,000,000 50,000,000 Group Aggregate	10,000
Safety National	Worker's Compensation Excess Worker's Compensation Employers Liability Each Accident Employers Liability Each Employee Employers Liability Policy Limit	Self Insured - NESBIG Statutory 1,000,000 1,000,000 1,000,000	1,000,000
Selective Insurance Company	Surety Bonds Treasurer of School Monies Board Secretary	200,000 200,000	
AIG Chubb	Compulsory Student Accident Volunteer Accident Policy	1,000,000 250,000	
Bollinger	Voluntary Student Accident (excluding football) Voluntary Dental Accident	500,000 5,000	

Source: Haworth Board of Education records

SINGLE AUDIT SECTION



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Independent Member
BKR International

Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members of
the Board of Education
Haworth Board of Education
County of Bergen, 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Haworth Borough School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 29, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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.

The Honorable President and Members of
the Board of Education
Haworth Board of Education
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free of 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 29, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

John J. Mooney

John J. Mooney
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Independent Member
BKR International

Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Haworth Borough School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2021. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

The Honorable President and Members of
the Board of Education
Haworth Board of Education
Page 2

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

October 29, 2021
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

John J. Mooney

John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

HAWORTH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance		Cash Received	Budgetary Expenditures	Balance 6/30/2021		Due to Grantor 6/30/2021	Amounts Paid to Subrecipients
					Unearned Revenue (Accounts Receivable) 6/30/2020	Unearned Revenue 6/30/2021			Accounts Receivable	Unearned Revenue		
U.S. Department of Education												
Passed-through State Department of Education:												
Special Education Cluster:												
I.D.E.A. Part B, Preschool	84.173	IDEA-2090-21	7/1/20-9/30/21	\$ 1,628	\$ 1,628				\$ 1,628			
I.D.E.A. Part B, Basic	84.027	IDEA-2090-21	7/1/20-9/30/21	89,219	89,219		\$ (85,833)		3,386			
I.D.E.A. Part B, Basic	84.027	IDEA-2090-20	7/1/19-9/30/20	86,303							\$ 11,351	
Total I.D.E.A. Part B, Basic					\$ 11,351						\$ 11,351	
Total Special Education Cluster					\$ 11,351						\$ 11,351	
Education Stabilization Fund:												
COVID 19 - Non Title I CARES	84.425D	N/A	7/1/20-6/30/22	9,923			(9,923)					
COVID 19 - Bergen County CARES Act	84.425D	N/A	7/1/20-12/30/20	25,000			(25,000)					
Total Education Stabilization Fund							(34,923)					
Total Special Revenue/U.S. Department of Education					\$ 11,351		(120,756)				\$ 11,351	
U.S. Department of Treasury												
COVID 19 - Coronavirus Relief Fund Grant	21.019	N/A	7/1/20 - 6/30/21	9,900			(9,900)					
Total U.S. Department of Treasury							(9,900)					
Total Federal Financial Awards					\$ 11,351		\$ (130,656)				\$ 11,351	\$ -0-

N/A - Not Available/Applicable

HAWORTH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Balance (Accounts Receivable) 6/30/2020	Cash Received	Budgetary Expenditures	MEMO	
							Balance 6/30/2021 (GAAP (Accounts Receivable))	Budgetary Receivable
NJ Department of Education:								
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	\$ 199,200			\$ (199,200)	\$ (199,200)	\$ 199,200
Non-Public Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	3,480			(3,480)	(3,480)	3,480
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	302,685	\$ 302,685		(302,685)	(3,480)	302,685
TPAF Pension Contributions (non-budgeted)	21-495-034-5094-002	7/1/20-6/30/21	1,102,201	1,102,201		(1,102,201)		1,102,201
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	21-495-034-5094-001	7/1/20-6/30/21	351,985	351,985		(351,985)		351,985
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	21-495-034-5094-004	7/1/20-6/30/21	20,971	20,971		(20,971)		20,971
TPAF Long Term Liability Insurance (On-Behalf - Non-Budgeted)	21-495-034-5094-004	7/1/20-6/30/21	791	791		(791)		791
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	232,164	209,278		(232,164)	(22,886)	232,164
Categorical Security Aid	21-495-034-5120-084	7/1/20-6/30/21	33,319	30,034		(33,319)	(3,285)	33,319
Adjustment Aid	21-495-034-5120-085	7/1/20-6/30/21	2,172	1,958		(2,172)	(214)	2,172
Categorical Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	30,722	27,694		(30,722)	(3,028)	30,722
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	221,055	21,779	\$ (21,779)			221,055
Categorical Security Aid	20-495-034-5120-084	7/1/19-6/30/20	33,319	3,283	(3,283)			33,319
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	2,172	214	(214)			2,172
Categorical Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	30,722	3,027	(3,027)			30,722
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	154,694	154,694	(154,694)			154,694
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	294,017	14,528	(14,528)			294,017
Total General Fund State Aid				<u>2,245,122</u>	<u>(197,525)</u>	<u>(2,279,690)</u>	<u>(202,680)</u>	<u>3,015,669</u>
Total State Awards				<u>\$ 2,245,122</u>	<u>\$ (197,525)</u>	<u>\$ (2,279,690)</u>	<u>\$ (232,093)</u>	<u>\$ 3,015,669</u>
Less: On-Behalf TPAF Pension System Contributions:								
TPAF Pension Contributions (non-budgeted)	21-495-034-5094-002	7/1/20-6/30/21	\$ (1,102,201)			\$ 1,102,201		
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	21-495-034-5094-001	7/1/20-6/30/21	(351,985)			351,985		
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	21-495-034-5094-004	7/1/20-6/30/21	(20,971)			20,971		
TPAF Long Term Liability Insurance (On-Behalf - Non-Budgeted)	21-495-034-5094-004	7/1/20-6/30/21	(791)			791		
Subtotal - On-Behalf TPAF Pension System Contributions						<u>1,475,948</u>		
Total State Awards (Net of On-Behalf TPAF Pension System Contributions)						<u>\$ (803,742)</u>		

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Haworth Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2021. 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* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by 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 the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(1,110) for the general fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

HAWORTH BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Revenue from federal and state awards are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,278,580	\$ 2,278,580
Special Revenue Fund	\$ 130,656		130,656
Total Financial Awards	<u>\$ 130,656</u>	<u>\$ 2,278,580</u>	<u>\$ 2,409,236</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2021.

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on the major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2021 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's program tested as a major state program for the current fiscal year consisted of the following state aid:

<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
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State Awards:

Reimbursed TPAF Social

Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	\$ 302,685	\$ 302,685
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- The threshold for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk auditee" for state programs.

HAWORTH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

HAWORTH BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

There were no prior year findings.