

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

North Haledon, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

North Haledon Board of Education

North Haledon, New Jersey

For The Fiscal Year Ended June 30, 2021

Prepared by

Business Office

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INTRODUCTORY SECTION

North Haledon Public Schools

201 Squaw Brook Road North Haledon, NJ 07508 (973) 427-8178 (Phone) (973) 423-1514 (Fax)

Nicholas S. Coffaro
Superintendent of Schools

Debra E. Andreniuk, CPA
Business Administrator/Board Secretary

February 1, 2022

Honorable President and
Members of the Board of Education
North Haledon School District
County of Passaic, New Jersey

Dear Board Members:

The comprehensive annual financial report (CAFR) of the North Haledon School District for the fiscal year ended June 30, 2021 is hereby submitted. This report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditors' report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The independent audit of the financial statements of the North Haledon Board of Education was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with grant requirements, with special emphasis on internal controls and compliance requirements involving the administration of federal awards and state financial assistance. These reports are available in the Single Audit Section of the North Haledon Board of Education's CAFR.

Regulations and findings and recommendations, are included in the single audit section of this report.

North Haledon Public Schools

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Superintendent of Schools

Debra E. Andreniuk, CPA
Business Administrator / Board Secretary

1. REPORTING ENTITY AND ITS SERVICES: North Haledon School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 34. All funds of the District are included in this report. The North Haledon Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to students in grade levels Pre-K through Grade 8. These services include programming for students in regular, vocational, and special educational settings. The District completed the 2020-2021 fiscal year with an average daily enrollment of 582.41 students, which is 5.4% below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	702.18	+3.68%
2012-2013	728.82	+3.80%
2013-2014	717.81	-1.51%
2014-2015	704.36	-1.88%
2015-2016	679.65	-3.51%
2016-2017	642.79	-5.43%
2017-2018	643.49	+0.11%
2018-2019	612.36	-4.84%
2019-2020	616.26	+0.64
2020-2021	582.41	-5.4%

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of North Haledon is predominantly a residential community sitting on the Passaic/Bergen County border. With the completion of Route 287 and its connection to Route 208 an access to other areas of New Jersey has been given to the residents of North Haledon. The median value of homes and the median family income are above the state and national averages. The residents of the Borough represent professionals, management and skilled trades. There are a few small industrial concerns

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Business Administrator / Board Secretary

throughout the borough, but the major local employers are retail and service establishments such as banks, food stores, law offices, medical centers and several small shopping centers.

The Borough is practically saturated with much of the remaining land subject to severe development restrictions because of steep slopes and poor access. Many single lots throughout the Borough have been sold and developed into single-family homes. Belmont Estates, a 38-unit town house project was completed in 2018. The developer of 920 Belmont Avenue has completed 90 of the 180 one- and two-bedroom apartments. Construction should be completed before the summer of 2022. A project for 50 units was approved for 987 Belmont Ave., but to date, the owner has yet to apply for permits or post escrow.

A referendum held on September 27, 2005 was successful. The project for the replacement Memorial School was completed in late spring 2008. Renovations and a new addition at High Mountain School were ready to be occupied during the 2007-08 school year. These projects were financed with a Section 15 Grant from the State of New Jersey and the balance paid through district debt service.

3. MAJOR INITIATIVES: The North Haledon School Board entered the new school year with a strong focus on social/emotional academic planning, mental health initiatives and goals for students and faculty, along with rigorous academic unit planning and curriculum pacing across all grade levels in order to address academic deficits caused by the pandemic. Responsibilities and support of all state/local mandates and initiatives, which includes but not limited to, Achieve NJ (evaluation model), testing coordination (Start Strong & NJSLs), technology maintenance, curriculum development and design, professional development, district goals, building goals, and student growth objectives that align with continual data collection and review.

Expanding and improving our balanced literacy and mathematics resources, along with training in grades K-8 will be at the forefront. I-Ready Mathematics Diagnostic has been newly implemented in grades K-4, allowing for targeted improvement goals that continue on to middle school. I-Ready Diagnostic is also provided in grades 5-8. The district will continue to provide staff with professional development that supports advances in the teaching of reading, writing, and mathematics, via coaching and resources that are research based. The Reading and Writing Workshop model will be strengthened with Unit Kits K-8, professional development, and classroom libraries, school media centers, along with our local library and additional data based

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programs. PD for our staff, which meets on a regular basis via departmentalization, will share their materials via Google Drive with colleagues and administration. Writing samples and rubrics have been implemented and collected district wide. Our October and January PD Days will consist of Building Authentic Relationships and Restoring Connections, I-Ready Diagnostic, Establishing the Differentiated Classroom, and Handle with Care (instructional training for our Special Education Staff). Additionally, district and community book clubs and initiative evenings continue to be provided to discuss new trends, current events, and most importantly keep all stakeholders involved in our district goals/ vision. The district continues to implement the Stronge Evaluation System in compliance with state law. My Learning Plan is the web-based application being used to facilitate all facets of the district evaluation system including observations, SGOs, and teacher documentation logs. The district continues to train staff via ScIP to effectively complete all tasks required of the evaluation system. Technology and Network hardware upgrades continually occurred across the district. PD focused on Google-based apps continue to be utilized in the classrooms in order to meet all learning modalities. The special services department continues to service our special needs students and their families by continuing to meet with them and offering services to meet their needs.

We continue to maximize support for special education students in the regular education classes through the adoption of the co-teaching model of instruction. Provide professional development, coaching and feedback to foster differentiated instruction and to support the implementation of the co-teaching mode. Additionally, therapy services have been increased to maximize our programs and address student needs.

In the area of PD, attention to training of HIB procedures and mandates, Handle with Care, including de-escalation strategies in compliance with Federal Regulation, CPR recertification for the Code Blue Team, Epi-Pen, Narcan Training, and Glucagon training for delegates, Student Allergies and Health Concerns, Blood borne Pathogens and Asthma. The Mental Health component, including identification of warning signs of depression, suicide, self-harm, and substance abuse have been reviewed and addressed through Police Presentations for the staff, community awareness presentations, student assemblies, and classroom lessons.

4. INTERNAL ACCOUNTING CONTROLS: The District's Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as a reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2021. In light of the prior year's fiscal problems, the district administration has made a concerted effort to assess the district's budgetary controls to ensure the district's financial obligations are encumbered in a timely manner.

6. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted

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a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. RISK MANAGEMENT: In order to obtain the best coverage at the lowest cost the District is a member of the New Jersey Schools Insurance Group. This program allowed us to negotiate better rates by group purchasing of a larger dollar amount of insurance. The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, workmen's comprehensive, hazard and theft insurance on property and contents, and fidelity bonds. The Board also carries Student Accident Insurance for school hours for all attending students. This policy is to complement any existing coverage already subscribed to by parent/guardians.

8. OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm for the Board is Lerch, Vinci, Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act as amended and New Jersey OMB Circular 15-08. The auditors' report on the basic financial statements and required supplementary information is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the North Haledon 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.

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Business Administrator / Board Secretary

Respectfully submitted,



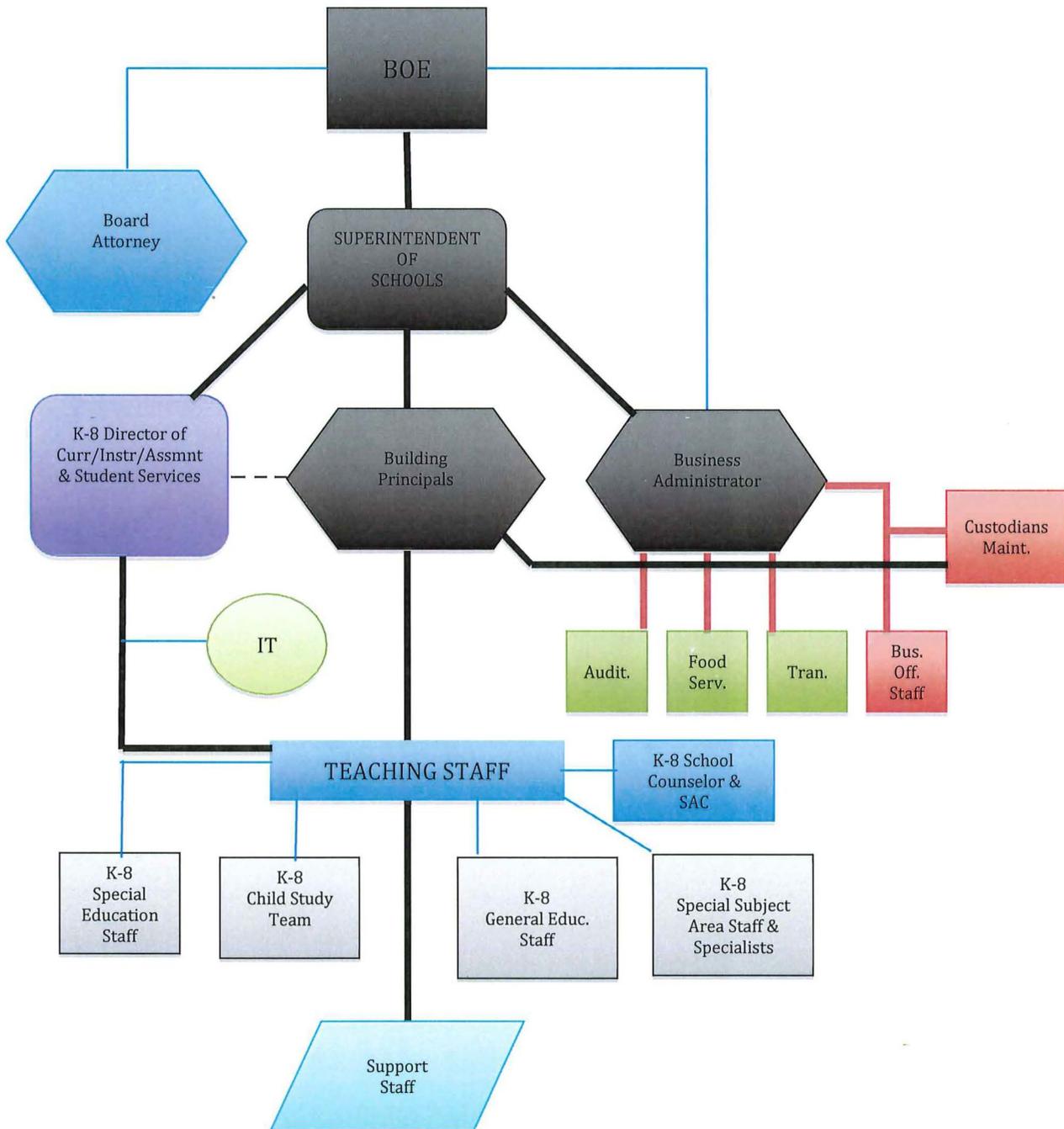
Debra Andreniuk
Business Administrator/
Board Secretary



Nicholas Coffaro
Superintendent of Schools

1110 ORGANIZATIONAL CHART

Purpose of Policy: The Board of Education recognizes the need for Policies and Regulations that support the policies, in order to effectively govern the School.



Adopted: June 28, 2017
 Revised: April 28, 2021

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Colli, President	2021
Lucy De Nova, Vice President	2023
Susanne Brock	2021
Dina O'Donnell	2023
Amy Guido	2021
Steven Karecki	2022
Nicholas Nagy	2022
Jeremy Serfozo	2023
Cherie Van Zile	2022

Other Officials

Nicholas Coffaro, Superintendent

Debra Andreniuk, Business Administrator

Michael Donow, Treasurer of School Monies

Matthew Giacobbe, Esq.

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

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Cleary Giacobbe Alfieri Jacobs LLC
169 Ramapo Valley Road
Oakland, NJ 07436

Bond Attorney

McManimon & Scotland
One Gateway Center
Newark, New Jersey

Architect

LAN Associates, Inc.
445 Godwin Avenue
Midland Park, New Jersey

Official Depository

Lakeland Bank
Belmont Avenue
North Haledon, NJ 07508

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
North Haledon Board of Education
North Haledon, 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 North Haledon Board of Education, as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Adoption of New Accounting Pronouncement

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Haledon Board of Education's basic financial statements. The introductory section, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the North Haledon Board of Education.

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

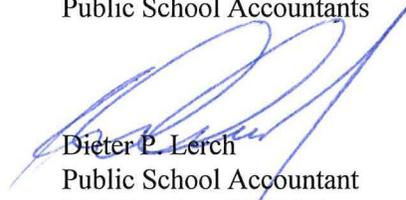
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 1, 2022 on our consideration of the North Haledon Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Haledon Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the North Haledon Board of Education's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 1, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

This discussion and analysis of the North Haledon School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2021. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- District-Wide Financials - Overall revenues were \$16,162,650. General revenues accounted for \$11,336,712 or 75 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,825,938 or 25 percent of total revenues.
- District-Wide Financials - The School District had \$15,192,632 in "Governmental Activities" expenses; \$4,825,938 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$11,336,577 were adequate to provide for these programs. The Business-Type activities had \$52,331 in expenses and revenues of \$45,678.
- Fund Financials - As of the close of the current fiscal year, the North Haledon Board of Education's governmental funds reported combined ending fund balances of \$1,392,513 an increase of \$330,965 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2021, unassigned fund balance for the General Fund was \$341,853 an increase of \$184,151 from the prior year.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Figure A-1 summarizes the major features of the North Haledon Board of Education's financial statements, including the portion of the North Haledon Board of Education's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

**Management’s Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2021**

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

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular, special education, transportation and building maintenance and administration	Activities the district operates similar to private businesses: Food Service
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenue, Expenses, and Changes in Fund Net Position Statement of Cash Flows
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, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-wide Statements

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

The *statement of net position* presents information on all of the North Haledon Board of Education’s assets, deferred outflows and inflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District’s property tax base and the condition of the school buildings and other facilities.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2021**

District-wide Statements (Continued)

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

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

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund.

Fund Financial Statements

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

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

The District has two kinds of funds:

Governmental funds - The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

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

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2021**

Fund Financial Statements (Continued)

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

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

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

Net position. The District's combined net position was \$2,387,220 on June 30, 2021. (See Table A-1).

A portion of the District's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2021**

Table A-1
Statement of Net Position
As of June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020 (Restated)	2021	2020	2021	2020 (Restated)
Current and Other Assets	\$ 1,510,839	\$ 1,210,368	\$ 43,473	\$ 52,874	\$ 1,554,312	\$ 1,263,242
Capital Assets	<u>15,406,239</u>	<u>16,131,891</u>	<u>46,773</u>	<u>40,727</u>	<u>15,453,012</u>	<u>16,172,618</u>
Total Assets	<u>16,917,078</u>	<u>17,342,259</u>	<u>90,246</u>	<u>93,601</u>	<u>17,007,324</u>	<u>17,435,860</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	412,942	508,215			412,942	508,215
Deferred Amounts on Net Pension Liability	<u>183,570</u>	<u>291,445</u>	<u>-</u>	<u>-</u>	<u>183,570</u>	<u>291,445</u>
Total Deferred Outflows of Resources	<u>596,512</u>	<u>799,660</u>	<u>-</u>	<u>-</u>	<u>596,512</u>	<u>799,660</u>
Total Assets and Deferred Outflows of Resources	<u>17,513,590</u>	<u>18,141,919</u>	<u>90,246</u>	<u>93,601</u>	<u>17,603,836</u>	<u>18,235,520</u>
Long-Term Liabilities	14,136,397	15,610,794			14,136,397	15,610,794
Other Liabilities	<u>307,988</u>	<u>351,310</u>	<u>12,431</u>	<u>10,138</u>	<u>320,419</u>	<u>361,448</u>
Total Liabilities	<u>14,444,385</u>	<u>15,962,104</u>	<u>12,431</u>	<u>10,138</u>	<u>14,456,816</u>	<u>15,972,242</u>
Deferred Inflows of Resources						
USDA Commodities			2,490	1,485	2,490	1,485
Deferred Amounts on Net Pension Liability	<u>757,310</u>	<u>792,260</u>	<u>-</u>	<u>-</u>	<u>757,310</u>	<u>792,260</u>
Total Deferred Inflows of Resources	<u>757,310</u>	<u>792,260</u>	<u>2,490</u>	<u>1,485</u>	<u>759,800</u>	<u>793,745</u>
Total Liabilities and Deferred Inflows of Resources	<u>15,201,695</u>	<u>16,754,364</u>	<u>14,921</u>	<u>11,623</u>	<u>15,216,616</u>	<u>16,765,987</u>
Net Position:						
Invested in capital assets, net of related debt	2,690,535	2,394,054	46,773	40,727	2,737,308	2,434,781
Restricted	589,610	277,029			589,610	277,029
Unrestricted	<u>(968,250)</u>	<u>(1,283,528)</u>	<u>28,552</u>	<u>41,251</u>	<u>(939,698)</u>	<u>(1,242,277)</u>
Total Net Position	<u>\$ 2,311,895</u>	<u>\$ 1,387,555</u>	<u>\$ 75,325</u>	<u>\$ 81,978</u>	<u>\$ 2,387,220</u>	<u>\$ 1,469,533</u>

Governmental activities. Governmental activities increased the District's net position by \$924,340 from the prior year.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2021**

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program Revenues						
Charges for Services	\$ 1,130		\$ 1,880	\$ 105,806	\$ 3,010	\$ 105,806
Operating Grants and Contributions	4,779,265	\$ 3,325,758	43,663	49,763	4,822,928	3,375,521
General Revenues						
Property Taxes	11,297,733	11,102,283			11,297,733	11,102,283
Other	38,844	89,932	135	162	38,979	90,094
Total Revenues	<u>16,116,972</u>	<u>14,517,973</u>	<u>45,678</u>	<u>155,731</u>	<u>16,162,650</u>	<u>14,673,704</u>
Expenses						
Instruction						
Regular	6,860,460	6,070,761			6,860,460	6,070,761
Special Education	2,598,738	2,455,702			2,598,738	2,455,702
Other Instruction	214,464	160,088			214,464	160,088
School Sponsored Activities and Athletics	30,120	25,726			30,120	25,726
Support Services						
Student and Instruction Related Serv.	1,903,352	1,783,244			1,903,352	1,783,244
General Administrative Services	552,455	430,104			552,455	430,104
School Administrative Services	581,275	449,524			581,275	449,524
Administration Information Technology	123,322	84,161			123,322	84,161
Plant Operations and Maintenance	1,212,266	1,118,383			1,212,266	1,118,383
Pupil Transportation	165,074	328,060			165,074	328,060
Central Services	487,415	396,410			487,415	396,410
Food Services			52,331	130,772	52,331	130,772
Interest on Debt and Other Charges	463,691	502,475	-	-	463,691	502,475
Total Expenses	<u>15,192,632</u>	<u>13,804,638</u>	<u>52,331</u>	<u>130,772</u>	<u>15,244,963</u>	<u>13,935,410</u>
Change in Net Position	924,340	713,335	(6,653)	24,959	917,687	738,294
Net Position, Beginning of Year	<u>1,387,555</u>	<u>565,762</u>	<u>81,978</u>	<u>57,019</u>	<u>1,469,533</u>	<u>622,781</u>
Prior Period Adjustment	-	108,458	-	-	-	108,458
Net Position, End of Year	<u>\$ 2,311,895</u>	<u>\$ 1,387,555</u>	<u>\$ 75,325</u>	<u>\$ 81,978</u>	<u>\$ 2,387,220</u>	<u>\$ 1,469,533</u>

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

**Management’s Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2021**

Governmental activities. The District’s total governmental activities revenues were \$16,116,972. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$11,337,707 or 76% of total revenues. Funding from state and federal sources amounted to \$4,779,265 or 24%.

The District’s governmental expenses are predominantly related to instruction and support services. Instruction totaled \$9,703,782 (64%), student and other support services totaled \$5,025,159 (33%) and interest on long-term debt total \$463,691 (3%) of total expenditures. (See Table A-4.)

Table A-3 Revenues by Source – Governmental Activities
For Fiscal Year 2021

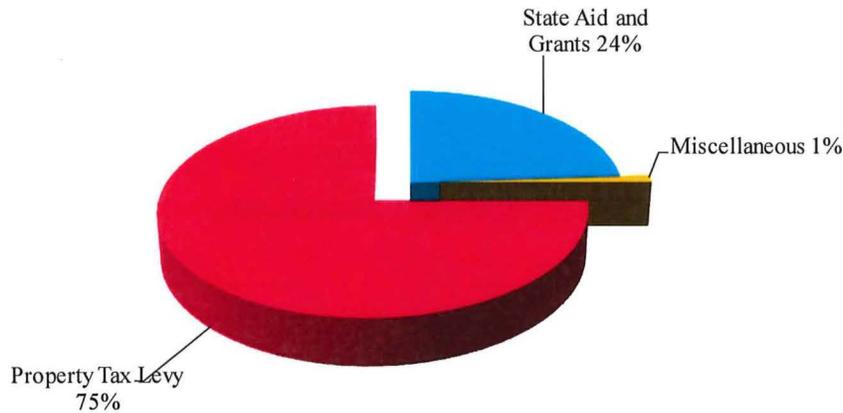
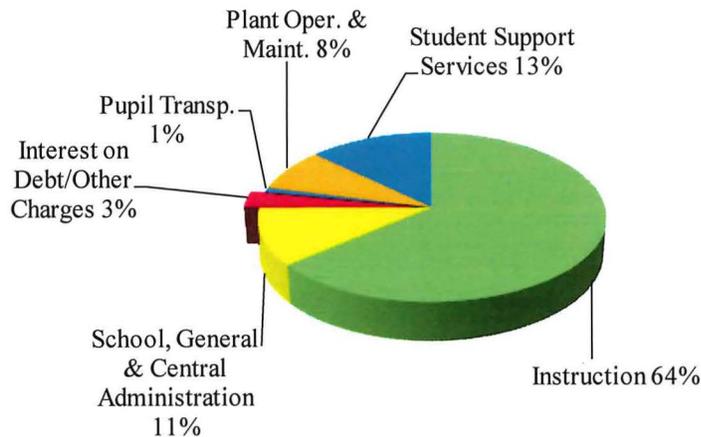


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2021



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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2021**

**Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2021 and 2020**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Governmental Activities				
Instruction				
Regular	\$ 6,860,460	\$ 6,070,761	\$ 4,608,531	\$ 4,512,215
Special Education	2,598,738	2,455,702	1,237,408	1,365,105
Other Instruction	214,464	160,088	134,309	115,927
School Sponsored Activities and Athletics	30,120	25,726	26,218	25,475
Support Services			-	
Student and Instruction Related Svcs.	1,903,352	1,783,244	1,344,148	1,376,786
General Administrative Services	552,455	430,104	515,199	427,237
School Administrative Services	581,275	449,524	394,484	351,215
Administration Information Technology	123,322	84,161	123,322	82,992
Plant Operations and Maintenance	1,212,266	1,118,383	1,072,400	1,088,167
Pupil Transportation	165,074	328,060	48,317	238,397
Central Services	487,415	396,410	444,210	392,889
Interest on Debt/Other Charges	463,691	502,475	463,691	502,475
	<u>463,691</u>	<u>502,475</u>	<u>463,691</u>	<u>502,475</u>
Total Governmental Activities	<u>\$ 15,192,632</u>	<u>\$ 13,804,638</u>	<u>\$ 10,412,237</u>	<u>\$ 10,478,880</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2021 was \$52,331. These costs were funded by operating grants and charges for services and investment earnings (Detailed on Table A-2). The operations resulted in a decrease in net position of \$6,653.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$1,392,513. As of June 30, 2020 the fund balance was \$1,061,548, as restated.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$14,557,160 and expenditures were \$14,226,195.

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

	<u>Year Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2021</u>	<u>2020</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Local Sources	\$ 11,343,921	\$ 11,193,659	\$ 150,262	1.34%
State Sources	2,869,406	2,395,846	473,560	19.77%
Federal Sources	<u>343,833</u>	<u>339,287</u>	<u>4,546</u>	1.34%
 Total Revenues	 <u>\$ 14,557,160</u>	 <u>\$ 13,928,792</u>	 <u>\$ 628,368</u>	 4.51%

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2021**

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

	<u>Year Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2021</u>	<u>2020</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Instruction	\$ 7,825,076	\$ 7,624,272	\$ 200,804	2.63%
Undistributed Expenditures	4,609,137	4,521,403	87,734	1.94%
Capital Outlay	188,412	414,769	(226,357)	-54.57%
Debt Service				
Principal	1,064,918	1,020,439	44,479	4.36%
Interest	<u>538,652</u>	<u>579,815</u>	<u>(41,163)</u>	-7.10%
 Total Expenditures	 <u>\$ 14,226,195</u>	 <u>\$ 14,160,698</u>	 <u>\$ 65,497</u>	 0.46%

General and Special Revenue Fund

Budgetary Highlights

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

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

Capital Assets and Debt Administration. The North Haledon Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2021 amounts to \$15,453,012 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, construction in progress and machinery and equipment.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2021**

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 70,295	\$ 70,295			\$ 70,295	\$ 70,295
Buildings	31,550,597	31,097,682			31,550,597	31,097,682
Machinery and Equipment	<u>1,051,945</u>	<u>1,403,335</u>	\$ 123,579	\$ 113,115	<u>1,175,524</u>	<u>1,516,450</u>
Total	32,672,837	32,571,312	123,579	113,115	32,796,416	32,684,427
Less: Accumulated Depreciation	<u>17,266,598</u>	<u>16,439,421</u>	<u>76,806</u>	<u>72,388</u>	<u>17,343,404</u>	<u>16,511,809</u>
Total	<u>\$ 15,406,239</u>	<u>\$ 16,131,891</u>	<u>\$ 46,773</u>	<u>\$ 40,727</u>	<u>\$ 15,453,012</u>	<u>\$ 16,172,618</u>

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

Debt Administration. As of June 30, 2021 the school district had long-term debt and outstanding long-term liabilities in the amount of \$14,136,397 as stated in Table A-7.

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

	<u>2021</u>	<u>2020</u>
Bonds Payable, Net	\$ 13,128,646	\$ 14,246,052
Capital Leases	156,276	195,386
Sale and Lease-back Contracts	-	65,808
Compensated Absences Payable	184,138	150,669
Net Pension Liability	<u>667,337</u>	<u>952,879</u>
Total	<u>\$ 14,136,397</u>	<u>\$ 15,610,794</u>

Additional information on North Haledon Board of Education's long-term debt can be found in Note 3.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2021**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional information, contact the School Superintendent at the North Haledon Board of Education, 201 Squawbrook Road, North Haledon, NJ 07508.

BASIC FINANCIAL STATEMENTS

**NORTH HALEDON BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,337,977	\$ 28,447	\$ 1,366,424
Receivables, net			
Receivables from Other Governments	173,387	6,900	180,287
Inventory		6,992	6,992
Accounts Receivable		609	609
Internal Balances	(525)	525	-
Capital Assets			
Not Being Depreciated	70,295		70,295
Being Depreciated, net	<u>15,335,944</u>	<u>46,773</u>	<u>15,382,717</u>
Total Assets	<u>16,917,078</u>	<u>90,246</u>	<u>17,007,324</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	412,942		412,942
Deferred Amounts on Net Pension Liability	<u>183,570</u>	-	<u>183,570</u>
Total Deferred Outflows of Resources	<u>596,512</u>	-	<u>596,512</u>
Total Assets and Deferred Outflows of Resources	<u>17,513,590</u>	<u>90,246</u>	<u>17,603,836</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	116,040	2,150	118,190
Accrued Interest Payable	189,662		189,662
Unearned Revenue	2,286	10,281	12,567
Noncurrent Liabilities			
Due Within One Year	1,037,397		1,037,397
Due Beyond One Year	<u>13,099,000</u>	-	<u>13,099,000</u>
Total Liabilities	<u>14,444,385</u>	<u>12,431</u>	<u>14,456,816</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		2,490	2,490
Deferred Amounts on Net Pension Liability	<u>757,310</u>	-	<u>757,310</u>
Total Deferred Inflows of Resources	<u>757,310</u>	<u>2,490</u>	<u>759,800</u>
Total Liabilities and Deferred Inflows of Resources	<u>15,201,695</u>	<u>14,921</u>	<u>15,216,616</u>
NET POSITION			
Net Investment in Capital Assets	2,690,535	46,773	2,737,308
Restricted for			
Capital Projects	312,029		312,029
Maintenance	165,000		165,000
Unemployment Compensation	24,421		24,421
Student Activities	88,160		88,160
Unrestricted	<u>(968,250)</u>	<u>28,552</u>	<u>(939,698)</u>
Total Net Position	<u>\$ 2,311,895</u>	<u>\$ 75,325</u>	<u>\$ 2,387,220</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,860,460		\$ 2,251,929		\$ (4,608,531)		\$ (4,608,531)
Special Education	2,598,738		1,361,330		(1,237,408)		(1,237,408)
Other Instruction	214,464		80,155		(134,309)		(134,309)
School Sponsored Activities and Athletics	30,120	\$ 1,130	2,772		(26,218)		(26,218)
Support Services							
Student and Instruction Related Services	1,903,352		559,204		(1,344,148)		(1,344,148)
General Administrative Services	552,455		37,256		(515,199)		(515,199)
School Administrative Services	581,275		186,791		(394,484)		(394,484)
Administration Information Technology	123,322				(123,322)		(123,322)
Plant Operations and Maintenance	1,212,266		139,866		(1,072,400)		(1,072,400)
Pupil Transportation	165,074		116,757		(48,317)		(48,317)
Business Services	487,415		43,205		(444,210)		(444,210)
Interest on Debt and Other Charges	463,691	-	-	-	(463,691)	-	(463,691)
Total Governmental Activities	15,192,632	1,130	4,779,265	-	(10,412,237)	-	(10,412,237)
Business-Type Activities							
Food Service	52,331	1,880	43,663	-	-	\$ (6,788)	(6,788)
Total Business-Type Activities	52,331	1,880	43,663	-	-	(6,788)	(6,788)
Total Primary Government	\$ 15,244,963	\$ 3,010	\$ 4,822,928	\$ -	(10,412,237)	(6,788)	(10,419,025)
General Revenues							
Property Taxes - General Fund					9,804,733		9,804,733
Property Taxes - Debt Service Fund					1,493,000		1,493,000
Investment Earnings					5,897	135	6,032
Miscellaneous Income					32,947	-	32,947
Total General Revenues					11,336,577	135	11,336,712
Change in Net Position					924,340	(6,653)	917,687
Net Position, Beginning of Year (Restated)					1,387,555	81,978	1,469,533
Net Position, End of Year					\$ 2,311,895	\$ 75,325	\$ 2,387,220

FUND FINANCIAL STATEMENTS

**NORTH HALEDON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,183,237	\$ 54,419	\$ 100,321		\$ 1,337,977
Receivables from Other Governments	81,565	91,822			173,387
Due from Other Funds	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,264,802</u>	<u>\$ 146,241</u>	<u>\$ 100,321</u>	<u>\$ -</u>	<u>\$ 1,511,364</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 525				\$ 525
Accounts Payable	31,980	\$ 55,795			87,775
Intergovernmental Accounts Payable	14,607				14,607
Payroll Deductions and Withholdings Payable	13,658				13,658
Unearned Revenue	-	2,286	-	-	2,286
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>60,770</u>	<u>58,081</u>	<u>-</u>	<u>-</u>	<u>118,851</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus	114,747				\$ 114,747
Excess Surplus - Designated for Subsequent Year's Expenditures	292,177				292,177
Capital Reserve	211,708				211,708
Maintenance Reserve	165,000				165,000
Unemployment Compensation	24,421				24,421
Capital Projects			100,321		100,321
Student Activities		88,160			88,160
Assigned Fund Balance					
Year-end Encumbrances	54,126				54,126
Unassigned Fund Balance					
General Fund	<u>341,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>341,853</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,204,032</u>	<u>88,160</u>	<u>100,321</u>	<u>-</u>	<u>1,392,513</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 1,264,802</u>	<u>\$ 146,241</u>	<u>\$ 100,321</u>	<u>\$ -</u>	

**NORTH HALEDON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

Total Fund Balances (Exhibit B-1)	\$	1,392,513
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$32,672,837 and the accumulated depreciation is \$17,266,598.</p>		15,406,239
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		412,942
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
<p>Deferred Outflows of Resources</p>	\$ 183,570	
<p>Deferred Inflows of Resources</p>	<u>(757,310)</u>	(573,740)
<p>The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:</p>		(189,662)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds</p>		
<p>Bonds Payable, Net</p>	\$ 13,128,646	
<p>Capital Leases Payable (ESIP)</p>	156,276	
<p>Compensated Absences Payable</p>	184,138	
<p>Net Pension Liability</p>	<u>667,337</u>	<u>(14,136,397)</u>
<p>Net position of governmental activities</p>	\$	<u>2,311,895</u>

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 9,804,733			\$ 1,493,000	\$ 11,297,733
Interest	5,897				5,897
Miscellaneous	32,947	\$ 7,344	-	-	40,291
Total - Local Sources	<u>9,843,577</u>	<u>7,344</u>	<u>-</u>	<u>1,493,000</u>	<u>11,343,921</u>
State Sources	2,869,406				2,869,406
Federal Sources	-	343,833	-	-	343,833
Total Revenues	<u>12,712,983</u>	<u>351,177</u>	<u>-</u>	<u>1,493,000</u>	<u>14,557,160</u>
EXPENDITURES					
Current					
Regular Instruction	5,042,297	118,966			5,161,263
Special Education Instruction	2,197,154	144,096			2,341,250
Other Instruction	183,684				183,684
School-Sponsored Activities and Athletics	25,076				25,076
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,682,279	21,562			1,703,841
General Administrative Services	538,588				538,588
School Administrative Services	516,433				516,433
Administration Information Technology	120,000				120,000
Plant Operations and Maintenance	1,123,604	65,423			1,189,027
Pupil Transportation	165,074				165,074
Business Services	489,977				489,977
Debt Service					
Principal	104,918			960,000	1,064,918
Interest and Other Charges	5,652			533,000	538,652
Capital Outlay	188,412	-	-	-	188,412
Total Expenditures	<u>12,383,148</u>	<u>350,047</u>	<u>-</u>	<u>1,493,000</u>	<u>14,226,195</u>
Excess of Revenues Over Expenditures	<u>329,835</u>	<u>1,130</u>	<u>-</u>	<u>-</u>	<u>330,965</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In					-
Operating Transfers Out	-	-	-	-	-
Net Change in Fund Balances	329,835	1,130	-	-	330,965
Fund Balance, Beginning of Year (Restated)	<u>874,197</u>	<u>87,030</u>	<u>100,321</u>	<u>-</u>	<u>1,061,548</u>
Fund Balance, End of Year	<u>\$ 1,204,032</u>	<u>\$ 88,160</u>	<u>\$ 100,321</u>	<u>\$ -</u>	<u>\$ 1,392,513</u>

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

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

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 330,965

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

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

Capital Outlay	\$ 188,412	
Depreciation Expense	(914,064)	
		(725,652)

The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long term debt.

Principal Payments		
Capital Leases	104,918	
Bonds Payable	960,000	
		1,064,918

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

Increase in Compensated Absences	(33,469)	
Decrease in Pension Expense	212,617	
		179,148

Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details are as follows:

Amortization of Deferred Amount on Refunding of Debt	(95,273)	
Amortization of Premium	157,406	
Decrease in Accrued Interest	12,828	
		74,961

Change in net position of governmental activities \$ 924,340

**NORTH HALEDON BOARD OF EDUCATION
 PROPRIETARY FUND
 ENTERPRISE FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2021**

	<u>Enterprise Fund- Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 28,447
Intergovernmental Receivable	
State	149
Federal	6,751
Due from Other Funds	525
Other Accounts Receivable	609
Inventories	<u>6,992</u>
Total Current Assets	<u>43,473</u>
Capital Assets	
Equipment	123,579
Less: Accumulated Depreciation	<u>(76,806)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>46,773</u>
Total Assets	<u>90,246</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	2,150
Unearned Revenue	<u>10,281</u>
Total Current Liabilities	<u>12,431</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Commodities Revenue	<u>2,490</u>
Total Liabilities and Deferred Inflow of Resources	<u>14,921</u>
NET POSITION	
Net Investment in Capital Assets	46,773
Unrestricted	<u>28,552</u>
Total Net Position	<u>\$ 75,325</u>

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

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

	<u>Enterprise Fund - Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Non-Reimbursable Programs	1,880
	1,880
OPERATING EXPENSES	
Cost of Sales	12,330
Salaries and Wages	10,540
Insurance	1,611
Management Fee	8,707
Supplies and Materials	918
Depreciation	4,418
Equipment	10,464
Miscellaneous	3,343
	52,331
Operating Loss	(50,451)
NONOPERATING REVENUES	
Interest Income	135
State Sources	
State School Lunch Program	1,253
Federal Sources	
National School Breakfast Program	1,054
National School Lunch Program	37,219
Food Distribution Program - Non-Cash Assistance	4,137
	43,798
Change in Net Position	(6,653)
Net Position, Beginning of Year	81,978
Net Position, End of Year	\$ 75,325

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

**NORTH HALEDON BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Enterprise Fund - Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 1,880
Cash Payments for Employees' Salaries and Benefits	(10,540)
Cash Payments to Suppliers for Goods and Services	<u>(27,687)</u>
Net Cash Provided by/(Used for) Operating Activities	<u>(36,347)</u>
Cash Flows from Investing Activities	
Interest Income	<u>135</u>
Net Cash Provided by Investing Activities	<u>135</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(10,464)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(10,464)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>33,322</u>
Net Cash Provided by Noncapital Financing Activities	<u>33,322</u>
Net Decrease in Cash and Cash Equivalents	(13,354)
Cash and Cash Equivalents, Beginning of Year	<u>41,801</u>
Cash and Cash Equivalents, End of Year	<u>\$ 28,447</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	<u>\$ (50,451)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities	
Depreciation	4,418
Food Distribution Program - Non-Cash Assistance	4,137
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	2,264
(Increase)/Decrease in Accounts Receivable	(13)
Increase/(Decrease) in Accounts Payable	2,150
Increase/(Decrease) in Deferred Commodities Revenue	<u>1,148</u>
Total Adjustments	<u>14,104</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (36,347)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received - Food Distribution Program	<u>\$ 5,142</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

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

- GASB No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

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

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

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

4. *Capital Assets*

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Absences

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

7. Pensions

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

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

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

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

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

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

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

10. Fund Balance Policies

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Fund Balance Policies (Continued)*

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Expenditures*

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

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$536,207. The increase was funded by grant awards, student activity revenues and the reappropriation of prior year general fund encumbrances.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2021 is as follows:

Balance July 1, 2020	\$ 11,708
Increases by	
Board Resolution	<u>200,000</u>
Balance June 30, 2021	<u>\$ 211,708</u>

D. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2021 is as follows:

Balance July 1, 2020	<u>\$ 165,000</u>
Balance June 30, 2021	<u>\$ 165,000</u>

The June 30, 2021 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$310,448.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 4% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2021 is \$406,924. Of this amount, \$292,177 was designated and appropriated in the 2021/2022 original budget certified for taxes and the remaining amount of \$114,747 is required to be appropriated in the 2022/2023 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$1,366,624 and bank and brokerage firm balances of the Board's deposits amounted to \$1,603,383. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 1,603,383</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2021 the Board's bank balance was not exposed to custodial credit risk.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

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

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

B. Receivables

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 91,822	\$ 6,751	\$ 98,573
State	\$ 81,565		149	81,714
Other Accounts Receivables	-	-	609	609
Gross Receivables	81,565	91,822	7,509	180,896
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 81,565</u>	<u>\$ 91,822</u>	<u>\$ 7,509</u>	<u>\$ 180,896</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Drawdowns	\$ 2,286
Total Unearned Revenue for Governmental Funds	\$ 2,286

D. Capital Assets

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

	<u>Balance, July 1, 2020</u>	<u>Increases</u>	<u>Decrease</u>	<u>Adjustments</u>	<u>Balance, June 30, 2021</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 70,295	-	-	-	\$ 70,295
Total capital assets, not being depreciated	70,295	-	-	-	70,295
Capital assets, being depreciated:					
Buildings	31,097,682	\$ 148,795		304,120	31,550,597
Machinery and equipment	1,403,335	39,617	\$ (86,887)	(304,120)	1,051,945
Total capital assets being depreciated	32,501,017	188,412	(86,887)	-	32,602,542
Less accumulated depreciation for:					
Buildings	(15,493,761)	(860,543)			(16,354,304)
Machinery and equipment	(945,660)	(53,521)	86,887	-	(912,294)
Total accumulated depreciation	(16,439,421)	(914,064)	86,887	-	(17,266,598)
Total capital assets, being depreciated, net	16,061,596	(725,652)	-	-	15,335,944
Governmental activities capital assets, net	\$ 16,131,891	\$ (725,652)	\$ -	\$ -	\$ 15,406,239

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2020</u>	<u>Increases</u>	<u>Decrease</u>	<u>Adjustments</u>	Balance, <u>June 30, 2021</u>
Business-type activities:					
Capital assets, being depreciated:					
Machinery and equipment	\$ 113,115	\$ 10,464	-	\$ -	\$ 123,579
Total capital assets being depreciated	<u>113,115</u>	<u>10,464</u>	<u>-</u>	<u>-</u>	<u>123,579</u>
Less accumulated depreciation for:					
Machinery and equipment	(72,388)	(4,418)	-	-	(76,806)
Total accumulated depreciation	<u>(72,388)</u>	<u>(4,418)</u>	<u>-</u>	<u>-</u>	<u>(76,806)</u>
Total capital assets, being depreciated, net	<u>40,727</u>	<u>6,046</u>	<u>-</u>	<u>-</u>	<u>46,773</u>
Business-type activities capital assets, net	<u>\$ 40,727</u>	<u>\$ 6,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,773</u>

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

Governmental Activities:

Instruction		
Regular		\$ 861,111
School-Sponsored Activities and Athletics		<u>5,339</u>
Total Instruction		<u>866,450</u>
Support Services		
Support Services-Students		5,796
General Administration		13,976
Business Services		3,322
Operations and Maintenance of Plant		<u>24,520</u>
Total Support Services		<u>47,614</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 914,064</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 4,418</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2021, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 525
Total		<u>\$ 525</u>

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

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

F. Leases

Capital Leases

The District has entered into a capital lease under the Energy Savings Improvement Program for LED lighting totaling \$232,700. The lease is for a term of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities ESIP Capital Lease</u>	<u>Total</u>
2022	\$ 41,965	\$ 41,965
2023	41,965	41,965
2024	41,965	41,965
2025	<u>41,965</u>	<u>41,965</u>
Total minimum lease payments	167,860	167,860
Less: amount representing interest	<u>(11,584)</u>	<u>(11,584)</u>
Present value of minimum lease payments	<u>\$ 156,276</u>	<u>\$ 156,276</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2021 are comprised of the following issues:

\$9,595,000 2014 Refunding Bonds, due in annual installments of \$960,000 to \$1,245,000 through February 15, 2027, interest at 4.000%	\$ 6,725,000
\$7,240,000 2015 Refunding Bonds, due in annual installments of \$1,320,000 to \$1,500,000 through February 15, 2031, interest at 4.000%	<u>5,640,000</u>
	<u>\$ 12,365,000</u>

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 1,000,000	\$ 494,600	\$ 1,494,600
2023	1,045,000	454,600	1,499,600
2024	1,095,000	412,800	1,507,800
2025	1,145,000	369,000	1,514,000
2026	1,195,000	323,200	1,518,200
2027-2031	<u>6,885,000</u>	<u>851,400</u>	<u>7,736,400</u>
	<u>\$ 12,365,000</u>	<u>\$ 2,905,600</u>	<u>\$ 15,270,600</u>

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 41,702,524
Less: Net Debt	<u>12,365,283</u>
Remaining Borrowing Power	<u>\$ 29,337,241</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Balance, July 1, 2020	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2021	Due Within One Year
Governmental activities:					
Bonds Payable	\$ 13,325,000		\$ 960,000	\$ 12,365,000	\$ 1,000,000
Add: Unamortized Premium	921,052	-	157,406	763,646	-
Net Bonds Payable	14,246,052	-	1,117,406	13,128,646	1,000,000
Capital Leases	195,386		39,110	156,276	37,397
Sale and Lease-back Contracts	65,808		65,808	-	
Compensated Absences	150,669	\$ 33,469		184,138	
Net Pension Liability	952,879	-	285,542	667,337	-
Governmental Activity Long-Term Liabilities	<u>\$ 15,610,794</u>	<u>\$ 33,469</u>	<u>\$ 1,507,866</u>	<u>\$ 14,136,397</u>	<u>\$ 1,037,397</u>

For the governmental activities, the liabilities for compensated absences, capital leases, sale/lease back and net pension liability is generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the New Jersey School's Insurance Group (NJSIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Employee Contributions</u>	<u>District Contribution</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ 13,102	\$ 15,000	\$ 25,167	\$ 24,421
2020	33,032	15,000	32,091	21,428
2019	7,115	26,000	40,871	5,470

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2021, the District has not estimated its arbitrage earnings due to the IRS, if any.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

The following represents the membership tiers for PERS:

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

The following represent the membership tiers for TPAF:

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

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

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

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

In the July 1, 2019 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2021.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employees' and TPAF State's contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2021 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	PERS	On-behalf TPAF	DCRP
2021	\$ 86,846	\$ 1,389,362	\$ 1,435
2020	51,440	1,015,292	3,633
2019	51,464	840,166	5,573

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$0, \$338 and \$423, respectively for PERS and the State contributed \$900, \$831 and \$813, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$368,129 during the fiscal year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2020 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$667,337 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The District’s proportionate share of the net pension liability was based on the ratio of the District’s share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2020. At June 30, 2020, the District’s proportionate share was 0.00409 percent, which was a decrease of 0.00120 percent from its proportionate share measured as of June 30, 2019 of 0.00529 percent.

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$125,771 for PERS. The pension contribution made by the District during the current 2020/2021 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 12,151	\$ 2,360
Changes of Assumptions	21,649	279,420
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	22,810	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>126,960</u>	<u>475,530</u>
Total	<u>\$ 183,570</u>	<u>\$ 757,310</u>

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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

Year Ending <u>June 30,</u>	<u>Total</u>
2022	\$ (288,655)
2023	(173,746)
2024	(48,758)
2025	(52,700)
2026	(9,881)
Thereafter	<u>-</u>
	<u>\$ (573,740)</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	7.00%
2020	June 30, 2019	6.28%

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 840,066</u>	<u>\$ 667,337</u>	<u>\$ 520,772</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2020. A sensitivity analysis specific to the District's net pension liability at June 30, 2020 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2019 through June 30, 2020. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2020, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,862,042 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the net pension liability attributable to the District is \$29,943,944. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was 0.04557 percent, which was an increase of 0.00363 percent from its proportionate share measured as of June 30, 2019 of 0.04184 percent.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

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

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

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

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

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

E. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>366,108</u>

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67.8 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

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

Actuarial Methods and Assumptions

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2021, 2020 and 2019 were \$435,404, \$376,654 and \$381,098, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

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

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,522,536. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$28,273,054. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was 0.04 percent, which was an increase of 0.00492 percent from its proportionate share measured as of June 30, 2019 of 0.03508 percent.

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

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

The OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.45%
Rate Thereafter	1.55% to 4.45%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

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

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	2.21%
2020	June 30, 2019	3.50%

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

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

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>17,102,990</u>
Changes Recognized for the Fiscal Year:	
Service Cost	740,581
Interest on the Total OPEB Liability	616,244
Differences Between Expected and Actual Experience	5,126,016
Changes of Assumptions	5,164,515
Gross Benefit Payments	(492,211)
Contributions from the Member	<u>14,919</u>
Net Changes	\$ <u>11,170,064</u>
Balance, June 30, 2020 Measurement Date	\$ <u>28,273,054</u>

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

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2020.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State’s proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 2.21%, as well as what the State’s proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 34,084,626	\$ 28,273,054	\$ 23,728,964

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 22,822,963	\$ 28,273,054	\$ 34,762,901

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

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

NOTE 5 RESTATEMENT

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

Governmental Activities

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$108,458 from \$1,279,097 as previously reported to \$1,387,555 as of June 30, 2020.

Governmental Funds

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, and payroll activities previously reported as fiduciary funds to government funds. The effect of this restatement is to increase fund balances of governmental funds by \$108,458 from \$953,090 as previously reported to \$1,061,548 as of June 30, 2020. General Fund fund balance increased \$21,428 from \$852,769 as previously reported to \$874,197 as of June 30, 2020. Special Revenue Fund fund balance increased \$87,030 from \$0 as previously reported to \$87,030 as of June 30, 2020.

Fiduciary Funds

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$21,428 from \$21,428 as previously reported to \$0 as of June 30, 2020.

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

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

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

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

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 9,804,733		\$ 9,804,733	\$ 9,804,733	
Interest	1,500		1,500	5,839	\$ 4,339
Interest Earned on Unemployment	-	-	-	58	58
Rental	6,000		6,000	-	(6,000)
Miscellaneous Revenue	2,200	-	2,200	32,947	30,747
Total Local Sources	9,814,433	-	9,814,433	9,843,577	29,144
State Sources					
Categorical Special Education Aid	433,252	\$ (38,350)	394,902	394,902	-
Categorical Security Aid	23,855	-	23,855	23,855	-
Categorical Transportation Aid	85,420	-	85,420	85,420	-
Additional Nonpublic Transportation Aid		-		31,030	31,030
Extraordinary Aid	55,000	-	55,000	151,704	96,704
Bond Act School Security Grant for Alyssa's Law				33,107	33,107
On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget)				1,363,421	1,363,421
On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget)				25,941	25,941
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution (Non-Budget)				435,404	435,404
On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget)				900	900
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	368,129	368,129
Total State Sources	597,527	(38,350)	559,177	2,913,813	2,354,636
Total Revenues	10,411,960	(38,350)	10,373,610	12,757,390	2,383,780
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	\$ 323,079	\$ 13,571	\$ 336,650	\$ 325,273	\$ 11,377
Grades 1-5	1,581,289	(35,134)	1,546,155	1,532,464	13,691
Grades 6-8	1,127,121	(28,479)	1,098,642	1,073,776	24,866
Regular Program - Home Instruction					
Salaries of Teachers	5,000	(5,000)	-	-	-
Regular Programs - Undistributed Instruction					
Purchased Technical Services	48,645	13,733	62,378	58,324	4,054
Other Purchased Services	52,166	7,503	59,669	48,732	10,937
General Supplies	165,259	17,098	182,357	150,963	31,394
Other Objects	5,161	-	5,161	3,870	1,291
Total Regular Programs	3,307,720	(16,708)	3,291,012	3,193,402	97,610

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 60,469	\$ 8,767	\$ 69,236	\$ 53,682	\$ 15,554
Other Salaries for Instruction	24,161	23,554	47,715	46,739	976
General Supplies	314	-	314	313	1
Total Learning and/or Language Disabilities	84,944	32,321	117,265	100,734	16,531
Multiple Disabilities					
Salaries of Teachers	233,957	24,250	258,207	255,797	2,410
Other Salaries for Instruction	50,695	17,614	68,309	64,458	3,851
General Supplies	335	1,384	1,719	570	1,149
Total Multiple Disabilities	284,987	43,248	328,235	320,825	7,410
Resource Room					
Salaries of Teachers	576,452	(49,674)	526,778	522,227	4,551
Other Salaries for Instruction	99,271	36,520	135,791	130,825	4,966
General Supplies	5,031	(1,384)	3,647	3,306	341
Total Resource Room	680,754	(14,538)	666,216	656,358	9,858
Preschool Disabilities - Part-Time					
Salaries of Teachers	81,319	-	81,319	80,299	1,020
Other Salaries for Instruction	24,962	19,240	44,202	41,588	2,614
General Supplies	2,450	-	2,450	1,460	990
Total Preschool Disabilities - Part-Time	108,731	19,240	127,971	123,347	4,624
Total Special Education	1,159,416	80,271	1,239,687	1,201,264	38,423

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 83,165	\$ 17,388	\$ 100,553	\$ 98,453	\$ 2,100
General Supplies	1,447	-	1,447	1,360	87
Total Basic Skills/Remedial	84,612	17,388	102,000	99,813	2,187
Bilingual Education					
Salaries of Teachers	13,434	(1,722)	11,712	11,712	-
General Supplies	-	100	100	100	-
Total Bilingual Education	13,434	(1,622)	11,812	11,812	-
School Sponsored Cocurricular Activities					
Salaries	21,250	-	21,250	15,160	6,090
Total School Sponsored Cocurricular Activities	21,250	-	21,250	15,160	6,090
Total Instruction	4,586,432	79,329	4,665,761	4,521,451	144,310
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Regular		17,709	17,709	17,709	
Tuition to Priv. Sch. for the Disabled					
Within the State	361,575	(129,445)	232,130	232,130	-
Total Undistributed Expenditures - Instruction	361,575	(111,736)	249,839	249,839	-
Attendance & Social Work					
Other Purchased Services	4,226	-	4,226	4,225	1
Total Attendance & Social Work	4,226	-	4,226	4,225	1
Health Services					
Salaries	148,788	593	149,381	146,881	2,500
Purchased Professional and Technical Services	2,800	7	2,807	1,000	1,807
Supplies and Materials	3,270	8,749	12,019	10,574	1,445
Other Objects	380	-	380	200	180
Total Health Services	155,238	9,349	164,587	158,655	5,932
Speech, OT, PT and Related Services					
Salaries	215,094	(28,488)	186,606	186,606	-
Purchased Professional-Educational Services	142,550	40,628	183,178	183,178	-
Other Purchased Services	1,050	158	1,208	1,208	-
Supplies and Materials	2,700	562	3,262	3,238	24
Total Speech, OT, PT and Related Services	361,394	12,860	374,254	374,230	24

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Other Support Serv. Students - Extra. Svcs.					
Salaries	\$ 102,091	\$ (101,008)	\$ 1,083	\$ 375	\$ 708
Purchased Professional-Educational Services	73,697	(11,238)	62,459	34,057	28,402
Total Other Support Serv. Students - Extra Svcs.	175,788	(112,246)	63,542	34,432	29,110
Guidance					
Salaries of Other Professional Staff	121,038	(14,352)	106,686	103,899	2,787
Other Purchased Services	5,226	-	5,226	4,225	1,001
Supplies and Materials	1,753	(184)	1,569	1,174	395
Other Objects	438	993	1,431	348	1,083
Total Guidance	128,455	(13,543)	114,912	109,646	5,266
Child Study Teams					
Salaries of Other Professional Staff	320,898	(17,513)	303,385	300,650	2,735
Purchased Professional - Educational Services	10,000	(2,690)	7,310	4,571	2,739
Other Purchased Prof. and Tech. Services	4,300	6,000	10,300	10,300	-
Misc. Purchased Services	2,900	(360)	2,540	720	1,820
Supplies and Materials	1,487	187	1,674	1,548	126
Other Objects	440	2,538	2,978	-	2,978
Total Child Study Teams	340,025	(11,838)	328,187	317,789	10,398
Improvement of Instructional Services					
Salary of Supervisor of Instruction	58,341	(12,239)	46,102	44,017	2,085
Salaries of Other Professional Staff	6,500	-	6,500	6,500	-
Purchased Professional - Technical Services	9,256	235	9,491	9,464	27
Other Objects	1,350	390	1,740	1,740	-
Total Improvement of Instructional Services	75,447	(11,614)	63,833	61,721	2,112
Educational Media Services/School Library					
Salaries - Regular	60,269	-	60,269	59,719	550
Purchased Professional and Technical Services	2,000	-	2,000	1,814	186
Supplies and Materials	3,550	-	3,550	3,422	128
Total Educational Media Serv./School Library	65,819	-	65,819	64,955	864
Instructional Staff Training Services					
Other Salaries	1,000	-	1,000	1,000	-
Total Instructional Staff Training Services	1,000	-	1,000	1,000	-

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 203,768	\$ -	\$ 203,768	\$ 203,768	\$ -
Legal Services	25,000	13,718	38,718	30,388	8,330
Audit Fees	26,000	16	26,016	26,016	-
Purchased Technical Services	9,940	(81)	9,859	8,586	1,273
Communications/Telephone	14,575	989	15,564	14,979	585
BOE Other Purchased Services	5,000	(979)	4,021	199	3,822
Miscellaneous Purchased Services	16,000	2,125	18,125	16,848	1,277
General Supplies	1,000	4,032	5,032	4,934	98
Miscellaneous Expenditures	12,975	7,274	20,249	17,196	3,053
BOE Membership Dues and Fees	-	-	-	-	-
Total Support Services General Administration	314,258	27,094	341,352	322,914	18,438
Support Services School Administration					
Salaries of Principal/Asst. Principals	239,320	-	239,320	239,320	-
Salaries of Secretarial and Clerical Assistants	69,519	537	70,056	69,253	803
Other Purchased Services	1,000	-	1,000	-	1,000
Supplies and Materials	9,885	2,836	12,721	12,234	487
Other Objects	4,800	(1,916)	2,884	2,579	305
Total Support Services School Administration	324,524	1,457	325,981	323,386	2,595
Central Services					
Salaries	242,427	(2,874)	239,553	236,302	3,251
Purchased Professional Services	27,400	11,100	38,500	37,765	735
Misc. Purchased Services	1,000	-	1,000	-	1,000
Sale/Lease-back Payments	68,606	-	68,606	68,605	1
Supplies and Materials	3,500	-	3,500	3,149	351
Miscellaneous Expenditures	3,650	-	3,650	3,084	566
Total Central Services	346,583	8,226	354,809	348,905	5,904
Administration Information Technology					
Purchased Technical Services	120,000	-	120,000	120,000	-
Total Administration Information Technology	120,000	-	120,000	120,000	-
Required Maintenance for School Facilities					
Salaries	72,700	252	72,952	65,467	7,485
Cleaning, Repair and Maint. Serv.	107,467	99,441	206,908	196,671	10,237
General Supplies	26,000	13,606	39,606	34,917	4,689
Miscellaneous Expenditures	5,595	(281)	5,314	4,390	924
Total Required Maintenance for School Facilities	211,762	113,018	324,780	301,445	23,335

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Other Operation and Maintenance of Plant					
Salaries	\$ 57,503	\$ (10,000)	\$ 47,503	\$ 29,673	\$ 17,830
Cleaning, Repair and Maintenance	357,350	-	357,350	357,294	56
Other Purchased Property Services	67,266	12,390	79,656	75,830	3,826
Insurance	85,100	(2,086)	83,014	83,013	1
General Supplies	40,000	4,543	44,543	41,673	2,870
Energy (Natural Gas)	60,000	(10,860)	49,140	49,140	-
Energy (Electricity)	160,000	17,350	177,350	177,346	4
Total Other Operation and Maintenance of Plant	<u>827,219</u>	<u>11,337</u>	<u>838,556</u>	<u>813,969</u>	<u>24,587</u>
Student Transportation Services					
Management fees- ESC & CTSA Transportation	9,000	-	9,000	2,561	6,439
Contracted Serv.-Aid in Lieu Pymts - NonPub School	100,000	12,000	112,000	87,100	24,900
Contracted Serv.-(Oth. than Bet Home & Sch) - Ven	4,200	(3,000)	1,200	-	1,200
Contracted Serv.-(Bet. Home and Sch.) Joint Agr.	20,250	-	20,250	-	20,250
Contracted Services (Spl. Ed. Students) - Vendors	151,000	(37,201)	113,799	75,413	38,386
Total Student Transportation Services	<u>284,450</u>	<u>(28,201)</u>	<u>256,249</u>	<u>165,074</u>	<u>91,175</u>
Unallocated Benefits - Employee Benefits					
Group Insurance	4,000	-	4,000	502	3,498
Social Security Contributions	95,000	7,279	102,279	79,627	22,652
Other Retirement Contributions-PERS	54,000	33,080	87,080	86,846	234
Other Retirement Contributions-Regular (DCRP)	8,000	-	8,000	1,435	6,565
Unemployment Compensation	15,000	-	15,000	15,000	-
Unemployment Compensation (Non-Budget)	-	-	-	10,167	(10,167)
Workmen's Compensation	52,805	(18,158)	34,647	34,647	-
Health Benefits	1,325,706	(71,862)	1,253,844	1,248,018	5,826
Tuition Reimbursement	24,500	(4,943)	19,557	19,557	-
Other Employee Benefits	118,195	6,711	124,906	124,830	76
Total Unallocated Benefits - Employee Benefits	<u>1,697,206</u>	<u>(47,893)</u>	<u>1,649,313</u>	<u>1,620,629</u>	<u>28,684</u>
On-behalf TPAF Pension System Payments -					
Normal Cost (Non-Budget)				1,363,421	(1,363,421)
On-behalf TPAF Pension System Payments -				25,941	(25,941)
NCGI Premium (Non-Budget)					
On-behalf TPAF Pension System Payments -				435,404	(435,404)
Post Retirement Medical Contribution					
(Non-Budget)					
On-behalf TPAF Pension System Payments -				900	(900)
Long-Term Disability Insurance (Non-Budget)					
Reimbursed TPAF Social Security Payments				368,129	(368,129)
(Non-Budget)					
Total On-behalf	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,193,795</u>	<u>(2,193,795)</u>
Total Undistributed Expenditures	<u>5,794,969</u>	<u>(153,730)</u>	<u>5,641,239</u>	<u>7,586,609</u>	<u>(1,945,370)</u>
Total Expenditures - Current Expenditures	<u>10,381,401</u>	<u>(74,401)</u>	<u>10,307,000</u>	<u>12,108,060</u>	<u>(1,801,060)</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CAPITAL OUTLAY					
Equipment					
Grade 5-8 Equipment		\$ 11,907	\$ 11,907	\$ 11,907	\$ -
Grade K-4 Equipment		19,390	19,390	7,938	11,452
Undistributed Expenditures - Req. Maint. For School Facilities	2,600	-	2,600	2,600	-
Undistributed Expenditures - Security	-	75,719	75,719	75,719	-
Total Equipment	<u>2,600</u>	<u>107,016</u>	<u>109,616</u>	<u>98,164</u>	<u>11,452</u>
Facilities Acquisition and Construction Services					
Construction Services	96,500	-	96,500	90,248	6,252
Assessment for Debt Service on SDA Funding	86,676	-	86,676	86,676	-
Total Facilities Acquisition and Construction Services	<u>183,176</u>	<u>-</u>	<u>183,176</u>	<u>176,924</u>	<u>6,252</u>
Total Capital Outlay	<u>185,776</u>	<u>107,016</u>	<u>292,792</u>	<u>275,088</u>	<u>17,704</u>
Total Expenditures	<u>10,567,177</u>	<u>32,615</u>	<u>10,599,792</u>	<u>12,383,148</u>	<u>(1,783,356)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(155,217)	(70,965)	(226,182)	374,242	600,424
Other Financing Sources (Uses) Operating Transfers In	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	(155,217)	(70,965)	(226,182)	374,242	600,424
Fund Balance, Beginning of Year (Restated)	1,023,245	-	1,023,245	1,023,245	-
Fund Balance, End of Year	<u>\$ 868,028</u>	<u>\$ (70,965)</u>	<u>\$ 797,063</u>	<u>\$ 1,397,487</u>	<u>\$ 600,424</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 211,708	
Maintenance Reserve				165,000	
Excess Surplus				114,747	
Excess Surplus - Designated for Subsequent Year's Expenditures				292,177	
Unemployment Compensation				24,421	
Assigned					
Year-End Encumbrances				54,126	
Unassigned				<u>535,308</u>	
Reconciliation to Governmental Funds Statements (GAAP):				1,397,487	
Less: Final State Aid Payments Not Recognized on GAAP Basis				<u>(193,455)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,204,032</u>	

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local				\$ 7,344	\$ 7,344
Federal	\$ 224,758	\$ 503,592	\$ 728,350	332,374	(395,976)
Total Revenues	<u>224,758</u>	<u>503,592</u>	<u>728,350</u>	<u>339,718</u>	<u>(388,632)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	80,000	(7,388)	72,612	72,612	-
Salaries of Other Professional Staff		25,483	25,483	-	25,483
Other Purchased Services	114,468	23,490	137,958	137,958	-
Purchased Professional/Educational Services		5,618	5,618	-	5,618
School Sponsored Cocurricular Activities (Non-Budget)		-	-	6,214	(6,214)
General Supplies	-	15,142	15,142	14,733	409
Total Instruction	<u>194,468</u>	<u>62,345</u>	<u>256,813</u>	<u>231,517</u>	<u>25,296</u>
Support Services					
Personnel Services - Employee Benefits	10,000	23,493	33,493	31,545	1,948
Purchased Professional/Educational Services	11,145	34,205	45,350	6,550	38,800
Other Purchased Services	6,145	9,322	15,467	2,369	13,098
Supplies and Materials	3,000	22,418	25,418	12,643	12,775
Total Support Services	<u>30,290</u>	<u>89,438</u>	<u>119,728</u>	<u>53,107</u>	<u>66,621</u>
Facilities Acquisition and Construction					
Non-Instructional Equipment	-	351,809	351,809	53,964	297,845
Total Facilities Acq. and Construction	<u>-</u>	<u>351,809</u>	<u>351,809</u>	<u>53,964</u>	<u>297,845</u>
Total Expenditures	<u>224,758</u>	<u>503,592</u>	<u>728,350</u>	<u>338,588</u>	<u>389,762</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,130</u>	<u>1,130</u>
Fund Balances, Beginning of Year (Restated)	<u>87,030</u>	<u>-</u>	<u>87,030</u>	<u>87,030</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 87,030</u>	<u>\$ -</u>	<u>\$ 87,030</u>	<u>\$ 88,160</u>	<u>\$ 1,130</u>

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

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

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

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

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 12,757,390	(C-2)	\$ 339,718
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Encumbrances, June 30, 2020			11,459
State Aid and Extraordinary Aid payment recognized for GAAP purposes, not recognized for Budgetary statements (2019/2020)	149,048		
State Aid and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2020/2021)	<u>(193,455)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 12,712,983</u>		<u>\$ 351,177</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 12,383,148	(C-2)	\$ 338,588
Differences - Budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Encumbrances, June 30, 2020	<u>-</u>		<u>11,459</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 12,383,148</u>		<u>\$ 350,047</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

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

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

Public Employees Retirement System

**Last Eight Fiscal Years*
(Dollar amounts in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00409%	0.00529%	0.00005%	0.00412%	0.00841%	0.00868%	0.00847%	0.00874%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 667,337	\$ 952,879	\$ 1,018,723	\$ 959,186	\$ 2,493,260	\$ 1,948,989	\$ 1,586,487	\$ 1,669,852
District's Covered Payroll	\$ 359,593	\$ 293,948	\$ 375,807	\$ 284,774	\$ 376,314	\$ 572,105	\$ 581,943	\$ 594,157
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	186%	324%	271%	337%	663%	341%	273%	281%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

NORTH HALEDON BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Eight Fiscal Years
 (Dollar amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 44,767	\$ 51,778	\$ 51,887	\$ 39,176	\$ 76,283	\$ 85,650	\$ 70,917	\$ 78,025
Contributions in Relation to the Contractually Required Contribution	<u>44,767</u>	<u>51,778</u>	<u>51,887</u>	<u>39,176</u>	<u>76,283</u>	<u>85,650</u>	<u>70,917</u>	<u>78,025</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 531,590	\$ 359,593	\$ 293,948	\$ 375,807	\$ 284,774	\$ 376,314	\$ 572,105	\$ 581,943
Contributions as a Percentage of Covered Payroll	8%	14%	18%	10%	27%	23%	12%	13%

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

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

Teachers Pension and Annuity Fund

Last Eight Fiscal Years*
(Dollar amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 29,943,944</u>	<u>\$ 25,679,106</u>	<u>\$ 25,751,961</u>	<u>\$ 32,346,174</u>	<u>\$ 33,822,352</u>	<u>\$ 25,984,245</u>	<u>\$ 23,029,519</u>	<u>\$ 22,317,128</u>
Total	<u>\$ 29,943,944</u>	<u>\$ 25,679,106</u>	<u>\$ 25,751,961</u>	<u>\$ 32,346,174</u>	<u>\$ 33,822,352</u>	<u>\$ 25,984,245</u>	<u>\$ 23,029,519</u>	<u>\$ 22,317,128</u>
District's Covered Payroll	\$ 5,165,314	\$ 4,975,685	\$ 4,701,028	\$ 4,265,833	\$ 4,402,761	\$ 4,605,730	\$ 3,970,763	\$ 4,303,312
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**NORTH HALEDON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Change of Benefit Terms: None.

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

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

Postemployment Health Benefit Plan

Last Four Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 740,581	\$ 670,361	\$ (360,111)	\$ 908,026
Interest on Total OPEB Liability	616,244	744,428	620,709	672,737
Changes of Benefit Terms				
Differences Between Expected and Actual Experience	5,126,016	(2,875,157)		
Changes of Assumptions	5,164,515	255,007	(2,486,103)	(2,790,608)
Gross Benefit Payments	(492,211)	(525,011)	(82,378)	(582,108)
Contribution from the Member	14,919	15,563	3,033	21,435
Net Change in Total OPEB Liability	11,170,064	(1,714,809)	(2,304,850)	(1,770,518)
Total OPEB Liability - Beginning	17,102,990	18,817,799	21,122,649	22,893,167
Total OPEB Liability - Ending	\$ 28,273,054	\$ 17,102,990	\$ 18,817,799	\$ 21,122,649
District's Proportionate Share of OPEB Liability	-	-	-	-
State's Proportionate Share of OPEB Liability	\$ 28,273,054	\$ 17,102,990	\$ 18,817,799	\$ 21,122,649
Total OPEB Liability - Ending	\$ 28,273,054	\$ 17,102,990	\$ 18,817,799	\$ 21,122,649
District's Covered-Employee Payroll	\$ 5,524,907	\$ 5,269,633	\$ 5,076,835	\$ 4,550,607
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll		0%	0%	0%

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

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

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

**NORTH HALEDON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	<u>ESEA Title I</u>	<u>ESEA Title II A</u>	<u>ESEA Title IV</u>	<u>IDEA Part B, Basic</u>	<u>IDEA Part B, Preschool</u>	<u>CARES</u>	<u>CRF</u>	<u>ESSER II CRRSA Consolidated</u>	<u>Student Activities/ Athletics</u>	<u>Total 2021</u>
REVENUES										
Intergovernmental										
Local									7,344	7,344
Federal	107,902	9,259	4,850	137,958	6,138	4,068	26,480	35,719	-	332,374
Total Revenues	107,902	9,259	4,850	137,958	6,138	4,068	26,480	35,719	7,344	339,718
EXPENDITURES										
Instruction										
Salaries of Teachers	72,612									72,612
Other Purchased Services				137,958						137,958
School Sponsored Cocurricular Activities									6,214	6,214
General Supplies	3,745	-	4,850	-	6,138	-	-	-	-	14,733
Total Instruction	76,357	-	4,850	137,958	6,138	-	-	-	6,214	231,517
Support Services										
Personnel Services - Employee Benefits	31,545									31,545
Purchased Professional/Educational Services		6,550								6,550
Other Purchased Services		999				1,370				2,369
Supplies and Material	-	1,710	-	-	-	2,698	8,235	-	-	12,643
Total Support Services	31,545	9,259	-	-	-	4,068	8,235	-	-	53,107
Facilities Acquisition and Construction										
Non - Instructional Equipment	-	-	-	-	-	-	18,245	35,719	-	53,964
Total Facilities Acq. and Construction	-	-	-	-	-	-	18,245	35,719	-	53,964
Total Expenditures	107,902	9,259	4,850	137,958	6,138	4,068	26,480	35,719	6,214	338,588
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	1,130	1,130
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-	-	87,030	87,030
Fund Balance, June 30	-	-	-	-	-	-	-	-	88,160	88,160
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-	1,130	1,130
Fund Balance, Beginning of Year (Restated)	-	-	-	-	-	-	-	-	87,030	87,030
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,160	\$ 88,160

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

NORTH HALEDON BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2021</u>
		<u>Prior Years</u>	<u>Current Year</u>	
High Mountain School Expansion	\$ 11,987,451	\$ 11,972,181		\$ 15,270
Construction of Memorial School	18,355,107	18,269,773	-	85,334
LED Lighting (ESIP)	<u>232,700</u>	<u>232,700</u>	\$ -	<u>-</u>
	<u>\$ 30,575,258</u>	<u>\$ 30,474,654</u>	<u>\$ -</u>	<u>\$ 100,604</u>
Appropriation Balance June 30, 2021				\$ 100,604
Less: Bond Authorizations Not Issued				<u>(283)</u>
Fund Balance, GAAP Basis				<u>\$ 100,321</u>

**NORTH HALEDON 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**

REVENUES AND OTHER FINANCING SOURCES	
Interest on Investments	\$ <u> -</u>
Total Revenues and Other Financing Sources	<u> -</u>
EXPENDITURES AND OTHER FINANCING USES	
Construction Costs	<u> -</u>
Total Expenditures and Other Financing Uses	<u> -</u>
Other Financing Sources (Uses)	
Transfers Out	<u> -</u>
Net Changes in Fund Balance	-
Fund Balance, Beginning of Year	\$ <u> 100,321</u>
Fund Balance, End of Year	<u><u> 100,321</u></u>

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH MOUNTAIN EXPANSION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 8,775,528		\$ 8,775,528	\$ 8,775,811
SCC Grant Proceeds	<u>3,211,640</u>	<u>-</u>	<u>3,211,640</u>	<u>3,211,640</u>
Total Revenues	<u>11,987,168</u>	<u>-</u>	<u>11,987,168</u>	<u>11,987,451</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Costs	9,688,620		9,688,620	9,703,800
Purchased Professional and Technical Services	<u>2,283,561</u>	<u>-</u>	<u>2,283,561</u>	<u>2,283,651</u>
Total Expenditures and Other Financing Uses	<u>11,972,181</u>	<u>-</u>	<u>11,972,181</u>	<u>11,987,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 14,987</u>	<u>\$ -</u>	<u>\$ 14,987</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3640-050-05-1000			
Grant Date	01/18/2005			
Bond Authorization Date	09/27/2005			
Bonds Authorized	\$ 8,775,811			
Bonds Issued	8,775,528			
SCC Grant Authorized	3,211,640			
Original Authorized Cost	11,987,451			
Additional Authorized Cost	-			
Revised Authorized Cost	11,987,451			
Percentage Increase Over Original				
Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	2008			
Revised Target Completion Date	N/A			

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
CONSTRUCTION OF MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds and Transfers	\$ 15,059,472		\$ 15,059,472	\$ 15,059,472
SCC Grant Proceeds	3,295,635	-	3,295,635	3,295,635
	<u>18,355,107</u>	<u>-</u>	<u>18,355,107</u>	<u>18,355,107</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Costs	16,627,472	-	16,627,472	16,712,806
Purchased Professional and Technical Services	1,642,301	-	1,642,301	1,642,301
	<u>18,269,773</u>	<u>-</u>	<u>18,269,773</u>	<u>18,355,107</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 85,334</u>	<u>\$ -</u>	<u>\$ 85,334</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3640-060-05-1000			
Grant Date	04/25/2005			
Bond Authorization Date	09/27/2005			
Bonds Authorized	\$ 15,059,472			
Bonds Issued	15,059,472			
SCC Grant Authorized	3,295,635			
Original Authorized Cost	18,355,107			
Additional Authorized Cost	-			
Revised Authorized Cost	18,355,107			
Percentage Increase Over Original				
Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	2008			
Revised Target Completion Date	N/A			

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
LED LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Lease Proceeds and Transfers	\$ 232,700	-	\$ 232,700	\$ 232,700
Total Revenues	<u>232,700</u>	<u>-</u>	<u>232,700</u>	<u>232,700</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Costs	<u>232,700</u>	\$ -	<u>232,700</u>	<u>232,700</u>
Total Expenditures and Other Financing Uses	<u>232,700</u>	<u>-</u>	<u>232,700</u>	<u>232,700</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	232,700			
Additional Authorized Cost	<u>-</u>			
Revised Authorized Cost	<u>232,700</u>			
 Percentage Increase Over Original				
Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	2020			
Revised Target Completion Date	N/A			

ENTERPRISE FUND

**NORTH HALEDON BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2021**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**NORTH HALEDON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2020</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>					
Refunding School Bonds - 2015	2/5/2015	\$ 7,240,000	2/15/2028	\$ 1,320,000	4.000%	\$ 5,640,000			\$ 5,640,000
			2/15/2029	1,380,000					
			2/15/2030	1,440,000					
			2/15/2031	1,500,000					
Refunding School Bonds - 2014	6/25/2014	9,595,000	2/15/2022	1,000,000	4.000%	<u>7,685,000</u>	<u>-</u>	<u>\$ 960,000</u>	<u>6,725,000</u>
			2/15/2023	1,045,000					
			2/15/2024	1,095,000					
			2/15/2025	1,145,000					
			2/15/2026	1,195,000					
			2/15/2027	1,245,000					
					<u>\$ 13,325,000</u>	<u>\$ -</u>	<u>\$ 960,000</u>	<u>\$ 12,365,000</u>	

NORTH HALEDON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND SALE/LEASE-BACK CONTRACTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Issue</u>	<u>Interest Rate</u>	Amount of <u>Original Issue</u>	<u>Balance, July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
Capital Leases:						
ESIP - LED Project	2.930%	232,700	\$ 195,386		\$ 39,110	\$ 156,276
Sale and Lease-back Contracts:						
2015/2016 Textbook Sale and Lease-back	4.250%	250,000	<u>65,808</u>	<u>-</u>	<u>65,808</u>	<u>-</u>
			<u>\$ 261,194</u>	<u>\$ -</u>	<u>\$ 104,918</u>	<u>\$ 156,276</u>

**NORTH HALEDON BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

REVENUES	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Local Sources					
Local Tax Levy	\$ 1,493,000	-	\$ 1,493,000	\$ 1,493,000	-
Total Revenues	<u>1,493,000</u>	<u>-</u>	<u>1,493,000</u>	<u>1,493,000</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	960,000	-	960,000	960,000	
Interest	<u>533,000</u>	<u>-</u>	<u>533,000</u>	<u>533,000</u>	\$ -
Total Expenditures	<u>1,493,000</u>	<u>-</u>	<u>1,493,000</u>	<u>1,493,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources					
Operating Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	2012	2013	2014 (1) (Restated)	2015	Fiscal Year Ended June 30,		2018	2019	2020	2021
					2016	2017				
Governmental Activities										
Invested In Capital Assets, Net Of Related Debt	\$ 7,153,804	\$ 7,113,412	\$ 6,992,009	\$ 1,806,033	\$ 1,490,238	\$ 1,515,144	\$ 1,581,380	\$ 1,679,717	\$ 2,394,054	\$ 2,690,535
Restricted	103	125,103	125,103	86,708	225,362	127,029	127,029	359,729	385,487	589,610
Unrestricted	346,165	347,474	(1,479,309)	(2,354,521)	(2,168,664)	(1,780,508)	(1,318,670)	(1,473,684)	(1,391,986)	(968,250)
Total Governmental Activities Net Position	<u>\$ 7,500,072</u>	<u>\$ 7,585,989</u>	<u>\$ 5,637,803</u>	<u>\$ (461,780)</u>	<u>\$ (453,064)</u>	<u>\$ (138,335)</u>	<u>\$ 389,739</u>	<u>\$ 565,762</u>	<u>\$ 1,387,555</u>	<u>\$ 2,311,895</u>
Business-Type Activities										
Invested In Capital Assets, Net Of Related Debt	\$ 56,901	\$ 45,775	\$ 34,650	\$ 23,610	\$ 19,192	\$ 24,339	\$ 19,125	\$ 17,575	\$ 40,727	\$ 46,773
Restricted										
Unrestricted	41,039	12,120	(12,429)	(15,746)	9,733	22,504	32,078	39,444	41,251	28,552
Total Business-Type Activities Net Position	<u>\$ 97,940</u>	<u>\$ 57,895</u>	<u>\$ 22,221</u>	<u>\$ 7,864</u>	<u>\$ 28,925</u>	<u>\$ 46,843</u>	<u>\$ 51,203</u>	<u>\$ 57,019</u>	<u>\$ 81,978</u>	<u>\$ 75,325</u>
District-Wide										
Invested In Capital Assets, Net Of Related Debt	\$ 7,210,705	\$ 7,159,187	\$ 7,026,659	\$ 1,829,643	\$ 1,509,430	\$ 1,539,483	\$ 1,600,505	\$ 1,697,292	\$ 2,434,781	\$ 2,737,308
Restricted	103	125,103	125,103	86,708	225,362	127,029	127,029	359,729	385,487	589,610
Unrestricted	387,204	359,594	(1,491,738)	(2,370,267)	(2,158,931)	(1,758,004)	(1,286,592)	(1,434,240)	(1,350,735)	(939,698)
Total District Net Position	<u>\$ 7,598,012</u>	<u>\$ 7,643,884</u>	<u>\$ 5,660,024</u>	<u>\$ (453,916)</u>	<u>\$ (424,139)</u>	<u>\$ (91,492)</u>	<u>\$ 440,942</u>	<u>\$ 622,781</u>	<u>\$ 1,469,533</u>	<u>\$ 2,387,220</u>

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

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

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,733,315	\$ 5,124,145	\$ 5,103,149	\$ 5,947,818	\$ 6,251,472	\$ 6,890,530	\$ 7,163,251	\$ 6,293,078	\$ 6,070,761	\$ 6,860,460
Special Education	1,710,074	1,801,800	1,979,775	2,762,282	2,379,668	2,448,145	2,471,349	2,519,192	2,455,702	2,598,738
Other Instruction	232,737	162,896	384,414	357,066	147,609	72,109	195,722	149,740	160,088	214,464
School Sponsored Activities and Athletics	57,387	29,372	65,465	86,140	109,721	28,537	30,681	33,119	25,726	30,120
Support Services:										
Student & Instruction Related Services	1,199,127	1,274,596	1,210,025	1,480,738	1,754,568	1,775,496	1,891,310	2,041,987	1,783,244	1,903,352
School Administrative Services	377,641	463,582	570,717	489,071	467,651	602,423	446,215	447,766	430,104	552,455
General Administration	424,950	368,848	447,396	671,055	498,885	511,588	558,540	524,587	449,524	581,275
Administration Information Technology	-	-	-	-	-	75,954	78,229	79,800	84,161	123,322
Plant Operations And Maintenance	720,879	718,069	797,401	775,744	771,483	850,927	1,001,673	1,197,312	1,118,383	1,212,266
Pupil Transportation	324,312	347,326	323,829	430,908	337,598	274,565	272,675	326,112	328,060	165,074
Other Support Services	239,716	259,826	244,249	297,211	220,779	326,279	277,125	288,891	396,410	487,415
Interest On Long-Term Debt	896,972	868,789	680,565	724,825	606,967	574,656	563,550	530,735	502,475	463,691
Arbitrage Rebate	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	10,917,110	11,419,249	11,806,985	14,022,858	13,546,401	14,431,209	14,950,320	14,432,319	13,804,638	15,192,632
Business-Type Activities:										
Food Service	247,253	257,753	248,451	227,924	190,734	197,039	193,377	176,772	130,772	52,331
Total Business-Type Activities Expense	247,253	257,753	248,451	227,924	190,734	197,039	193,377	176,772	130,772	52,331
Total District Expenses	\$ 11,164,363	\$ 11,677,002	\$ 12,055,436	\$ 14,250,782	\$ 13,737,135	\$ 14,628,248	\$ 15,143,697	\$ 14,609,091	\$ 13,935,410	\$ 15,244,963
Program Revenues										
Governmental Activities:										
Charges For Services:										
Transportation	\$ 12,110	\$ 10,490	\$ 5,440	\$ 7,930	-	-	-	-	-	\$ 1,130
Operating Grants And Contributions	1,414,664	1,594,056	1,402,879	2,736,150	\$ 3,109,053	\$ 4,232,723	\$ 4,670,359	\$ 3,637,097	\$ 3,325,758	4,779,265
Capital Grants And Contributions	144,524	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	1,571,298	1,604,546	1,408,319	2,744,080	3,109,053	4,232,723	4,670,359	3,637,097	3,325,758	4,780,395
Business-Type Activities:										
Charges For Services:										
Food Service	148,394	149,285	139,236	134,076	134,111	147,689	132,259	123,391	105,806	1,880
Operating Grants And Contributions	56,932	68,325	73,106	79,430	77,666	67,200	65,392	59,102	49,763	43,663
Total Business Type Activities Program Revenues	205,326	217,610	212,342	213,506	211,777	214,889	197,651	182,493	155,569	45,543
Total District Program Revenues	\$ 1,776,624	\$ 1,822,156	\$ 1,620,661	\$ 2,957,586	\$ 3,320,830	\$ 4,447,612	\$ 4,868,010	\$ 3,819,590	\$ 3,481,327	\$ 4,825,938
Net (Expense)/Revenue										
Governmental Activities	\$ (9,345,812)	\$ (9,814,703)	\$ (10,398,666)	\$ (11,278,778)	\$ (10,437,348)	\$ (10,198,486)	\$ (10,279,961)	\$ (10,795,222)	\$ (10,478,880)	\$ (10,412,237)
Business-Type Activities	(41,927)	(40,143)	(36,109)	(14,418)	21,043	17,850	4,274	5,721	24,797	(6,788)
Total District-Wide Net Expense	\$ (9,387,739)	\$ (9,854,846)	\$ (10,434,775)	\$ (11,293,196)	\$ (10,416,305)	\$ (10,180,636)	\$ (10,275,687)	\$ (10,789,501)	\$ (10,454,083)	\$ (10,419,025)

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 9,453,714	\$ 8,154,441	\$ 8,480,231	\$ 8,658,921	\$ 8,832,095	\$ 9,058,058	\$ 9,239,219	\$ 9,424,003	\$ 9,612,483	\$ 9,804,733
Taxes Levied For Debt Service		1,564,706	1,565,594	1,570,206	1,471,487	1,377,527	1,452,400	1,479,800	1,489,800	1,493,000
Unrestricted Grants And Contributions		11,309	43,906	60,643	38,865	43,791	45,818	3,640		-
Investment Earnings	2,799	3,073	2,590	1,500	1,321	3,061	3,161	3,462	4,483	5,897
Miscellaneous Income	12,793	157,091	38,011	39,828	102,296	30,778	67,437	60,340	85,449	32,947
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>9,469,306</u>	<u>9,890,620</u>	<u>10,130,332</u>	<u>10,331,098</u>	<u>10,446,064</u>	<u>10,513,215</u>	<u>10,808,035</u>	<u>10,971,245</u>	<u>11,192,215</u>	<u>11,336,577</u>
Business-Type Activities:										
Investment Earnings	172	98	435	61	18	68	86	95	162	135
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	<u>172</u>	<u>98</u>	<u>435</u>	<u>61</u>	<u>18</u>	<u>68</u>	<u>86</u>	<u>95</u>	<u>162</u>	<u>135</u>
Total District-Wide	<u>\$ 9,469,478</u>	<u>\$ 9,890,718</u>	<u>\$ 10,130,767</u>	<u>\$ 10,331,159</u>	<u>\$ 10,446,082</u>	<u>\$ 10,513,283</u>	<u>\$ 10,808,121</u>	<u>\$ 10,971,340</u>	<u>\$ 11,192,377</u>	<u>\$ 11,336,712</u>
Change In Net Position										
Governmental Activities	\$ 123,494	\$ 75,917	\$ (268,334)	\$ (947,680)	\$ 8,716	\$ 314,729	\$ 528,074	\$ 176,023	\$ 713,335	\$ 924,340
Business-Type Activities	(41,755)	(40,045)	(35,674)	(14,357)	21,061	17,918	4,360	5,816	24,959	(6,653)
Total District	<u>\$ 81,739</u>	<u>\$ 35,872</u>	<u>\$ (304,008)</u>	<u>\$ (962,037)</u>	<u>\$ 29,777</u>	<u>\$ 332,647</u>	<u>\$ 532,434</u>	<u>\$ 181,839</u>	<u>\$ 738,294</u>	<u>\$ 917,687</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Fiscal Year Ended June 30,</u>		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
					<u>2016</u>	<u>2017</u>				
General Fund										
Restricted	\$ 230,384	\$ 452,375	\$ 440,519	\$ 131,196	\$ 56,708	\$ 250,297	\$ 615,226	\$ 546,854	\$ 624,102	\$ 808,053
Committed	42,870	-	-							
Assigned	246,085	195,679	186,297	9,748	33,562	271,843	198,274	117,541	70,965	54,126
Unassigned	241,466	233,038	238,874		151,063	227,728	187,485	187,580	157,702	341,853
Reserved										
Unreserved				(197,208)						
Total General Fund	<u>\$ 760,805</u>	<u>\$ 881,092</u>	<u>\$ 865,690</u>	<u>\$ (56,264)</u>	<u>\$ 241,333</u>	<u>\$ 749,868</u>	<u>\$ 1,000,985</u>	<u>\$ 851,975</u>	<u>\$ 852,769</u>	<u>\$ 1,204,032</u>
All Other Governmental Funds										
Restricted	\$ 100,321	\$ 100,321	\$ 100,321	\$ 168,744	\$ 168,654	\$ 100,321	\$ 100,321	\$ 100,321	\$ 100,321	\$ 188,481
Committed	100,000									
Assigned								232,700		-
Unassigned										
Reserved										
Unreserved										
Total All Other Governmental Funds	<u>\$ 200,321</u>	<u>\$ 100,321</u>	<u>\$ 100,321</u>	<u>\$ 168,744</u>	<u>\$ 168,654</u>	<u>\$ 100,321</u>	<u>\$ 100,321</u>	<u>\$ 333,021</u>	<u>\$ 100,321</u>	<u>\$ 188,481</u>

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 9,453,714	\$ 9,719,147	\$ 10,045,825	\$ 10,229,127	\$ 10,303,582	\$ 10,435,585	\$ 10,691,619	\$ 10,903,803	\$ 11,102,283	\$ 11,297,733
Tuition Charges										
Transportation Charges	12,110	10,490	5,440	7,930						
Interest Earnings	2,799	3,073	2,590	1,500	1,321	3,061	3,161	3,462	4,483	5,897
Miscellaneous	49,998	157,091	38,011	39,828	141,154	71,015	93,413	61,941	86,893	40,291
State Sources	1,276,861	1,403,634	1,273,040	1,476,155	1,589,505	1,939,485	1,893,959	2,172,801	2,395,846	2,869,406
Federal Sources	245,122	201,731	173,745	303,698	277,215	295,132	272,160	291,063	339,287	343,833
Total Revenue	11,040,604	11,495,166	11,538,651	12,058,238	12,312,777	12,744,278	12,954,312	13,433,070	13,928,792	14,557,160
Expenditures										
Instruction										
Regular Instruction	4,060,662	4,456,183	4,441,761	4,536,697	4,591,598	4,764,148	4,862,910	4,825,298	5,076,283	5,161,263
Special Education Instruction	1,715,338	1,800,465	1,983,170	2,513,597	2,153,484	2,089,511	2,071,969	2,334,563	2,376,212	2,341,250
Other Special Instruction	232,737	162,896	384,414	309,791	124,016	56,112	147,933	131,139	149,240	183,684
School-Sponsored Activities and Athletics	57,387	29,372	65,465	74,722	82,758	15,187	19,304	22,988	22,537	25,076
Support Services:										
Student & Inst. Related Services	1,176,230	1,251,699	1,187,628	1,383,590	1,550,113	1,453,318	1,515,301	1,845,069	1,697,368	1,703,841
General Administration	389,644	455,498	451,622	545,027	481,431	467,106	436,067	454,260	437,104	538,588
School Administrative Services	365,589	356,796	418,161	477,019	449,408	468,894	430,954	459,696	431,103	516,433
Administration Information Technology	-	-	-	-	-	75,954	78,229	79,800	84,161	120,000
Plant Operations And Maintenance	699,858	693,549	751,609	751,224	753,982	817,465	967,953	1,176,657	1,119,921	1,189,027
Pupil Transportation	320,875	343,889	320,392	427,471	335,589	268,323	272,675	326,112	328,060	165,074
Other Support Services	239,716	259,826	240,237	297,211	217,222	293,073	277,294	301,237	423,686	489,977
Capital Outlay	45,147	100,000	-	39,545		29,943	47,509	22,764	414,769	188,412
Debt Service:										
Principal	650,000	685,000	765,000	914,330	835,248	838,615	925,218	988,656	1,020,439	1,064,918
Interest And Other Charges	907,331	879,706	850,594	641,545	690,421	666,427	649,879	613,841	579,815	538,652
Bond Issuance Cost			111,011	114,092						
Total Expenditures	10,860,514	11,474,879	11,971,064	13,025,861	12,265,270	12,304,076	12,703,195	13,582,080	14,160,698	14,226,195
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	180,090	20,287	(432,413)	(967,623)	47,507	440,202	251,117	(149,010)	(231,906)	330,965
Other Financing Sources (Uses)										
Transfers In	56	-	-			90			66	-
Transfers Out	(56)	-	-			(90)			(66)	-
Payments to Refunding Escrow Agent			(10,664,017)	(7,881,087)						
Refunding Bonds Proceeds				9,595,000	7,240,000					
Premium on Issuance of Refunding Bond			1,180,028	755,179						
Sale and Lease-back Contract Proceeds					250,000			232,700		
Capital Leases (Non-Budgeted)			306,000							
Total Other Financing Sources (Uses)	-	-	417,011	114,092	250,000	-	-	232,700	-	-
Net Change In Fund Balances	\$ 180,090	\$ 20,287	\$ (15,402)	\$ (853,531)	\$ 297,507	\$ 440,202	\$ 251,117	\$ 83,690	\$ (231,906)	\$ 330,965
Debt Service As A Percentage Of										
Noncapital Expenditures	16.82%	15.95%	15.60%	13.61%	14.21%	13.98%	14.21%	13.40%	13.18%	12.90%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	<u>Rental</u>	<u>Transportation</u>	<u>Interest on Invest.</u>	<u>Refunds/ Settlements</u>	<u>Misc.</u>	<u>Total</u>
2012		\$ 12,110	\$ 2,743	\$ 353	\$ 12,440	\$ 27,646
2013		10,490	3,073	125,087	32,004	170,654
2014		5,440	2,590		38,011	46,041
2015		7,930	1,500		39,828	49,258
2016			1,321	38,154	64,142	103,617
2017			3,061	9,650	21,128	33,839
2018			3,161	20,852	46,585	70,598
2019			3,436	28,607	6,713	38,756
2020	33,249		4,417		52,200	89,866
2021	-		5,897	-	32,947	38,844

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2012	\$ 8,720,600	\$ 1,106,681,100	\$ 571,100	\$ 11,100	\$ 59,508,400	\$ 6,346,700	N/A	\$ 1,181,839,000	\$ 371,880	\$ 1,182,210,880	\$ 1,282,934,216	\$ 0.82
2013	8,667,100	1,106,157,600	571,100	11,100	58,854,400	6,189,100	N/A	1,180,450,400	889	1,180,451,289	1,282,934,216	0.85
2014	8,934,100	1,106,531,400	571,100	11,100	58,585,000	6,049,600	N/A	1,180,682,300	915	1,180,683,215	1,335,237,800	0.87
2015	8,902,400	1,108,014,700	571,100	11,100	58,167,300	5,268,600	N/A	1,180,935,200	908	1,180,936,108	1,302,643,635	0.87
2016	8,732,800	1,108,926,300	571,100	11,100	58,167,300	5,268,600	N/A	1,181,677,200	913	1,181,678,113	1,296,451,026	0.88
2017	9,719,200	1,109,088,800	571,100	11,100	56,562,300	4,584,600	N/A	1,180,537,100	899	1,180,537,999	1,315,477,970	0.91
2018	9,117,000	1,112,084,200	571,100	11,100	56,562,300	4,584,600	N/A	1,182,930,300	880	1,182,931,180	1,345,819,792	0.92
2019	8,618,500	1,112,245,300	571,100	11,100	58,875,300	4,584,600	N/A	1,184,905,900	862	1,184,906,762	1,376,047,491	0.94
2020	8,256,500	1,114,039,100	571,100	11,100	59,161,500	4,584,600	N/A	1,186,623,900	848	1,186,624,748	1,400,795,085	0.95
2021	7,690,600	1,116,728,700	571,100	11,250	59,054,000	4,584,600	N/A	1,188,640,250	847	1,188,641,097	1,409,458,855	0.96

Source: County Abstract of Ratables

a Tax rates are per \$100

**NORTH HALEDON BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(UNAUDITED)**

<u>Calendar Year</u>	<u>North Haledon School District</u>	<u>Manchester School District</u>	<u>North Haledon Borough</u>	<u>Passaic County</u>	<u>Total</u>
2012	\$ 0.82	\$ 0.26	\$ 0.80	\$ 0.69	\$ 2.57
2013	0.85	0.31	0.81	0.76	2.73
2014	0.87	0.26	0.82	0.77	2.72
2015	0.87	0.22	0.85	0.84	2.78
2016	0.88	0.20	0.92	0.82	2.82
2017	0.91	0.22	0.90	0.82	2.85
2018	0.92	0.20	0.90	0.84	2.86
2019	0.94	0.20	0.91	0.81	2.86
2020	0.95	0.20	0.90	0.79	2.84
2021	0.96	0.19	0.97	0.78	2.90

Source: Tax Duplicate

* The Borough undertook a revaluation.

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

Taxpayer	2021	
	Taxable Assessed Value	% of Total District Net Assessed Value
High Mt. Rty, LLC c/o Kennedy Constr.	\$ 7,840,000	0.66%
535 High Mountain Assoc. LLC	4,079,700	0.34%
1243 Belmont Ave Corp.	4,013,100	0.34%
Sicomac Rlty LLC & Rosehall Rlty, LLC	3,800,000	0.32%
High Mountain Realty Group, LLC	3,400,000	0.29%
920 Belmont Acquisition, LLC	3,005,400	0.25%
NJTT Realty, LLC	2,575,400	0.22%
Hofer Heights, LLC	2,359,000	0.20%
895 Belmont Ave LLC	2,349,000	0.20%
Gene Bear Properties, LLC	2,255,100	0.19%
	<u>\$ 35,676,700</u>	<u>3.00%</u>

Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value
High Mountain Realty/Kennedy	\$ 2,499,500	0.56%
535 Associates, LLC	1,622,200	0.37%
1243 Belmont Ave. Corp.	1,360,100	0.31%
Sicomac Realty LLC & Rosehall Rlty LLC	1,350,900	0.31%
Hoffer Heights	1,201,600	0.27%
Tannis, William Sr.	1,017,700	0.23%
High Mountain Realty Group, LLC	976,700	0.22%
Rainmaker Capital of No. Haledon, LLC	903,200	0.20%
NJTT Realty LLC	722,200	0.16%
Overlook Properties LLC	615,300	0.14%
	<u>\$ 12,269,400</u>	<u>2.77%</u>

Source - Municipal Tax Assessor

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

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 9,453,714	\$ 9,453,714	100.00%	
2013	9,719,147	9,719,147	100.00%	
2014	10,045,825	9,339,139	92.96%	\$ 706,686
2015	10,229,127	10,229,127	100.00%	
2016	10,303,582	10,303,582	100.00%	
2017	10,435,585	10,435,585	100.00%	
2018	10,691,619	10,691,619	100.00%	
2019	10,903,803	10,903,803	100.00%	
2020	11,102,283	11,102,283	100.00%	
2021	11,297,793	11,297,793	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Sale and Lease-back Contracts	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2012	\$ 20,350,000	N/A	N/A	N/A	N/A	N/A	\$ 20,350,000	8,503	\$ 2,393
2013	19,665,000	N/A	N/A	N/A	N/A	N/A	19,665,000	8,473	2,321
2014	18,695,000	N/A	\$ 256,000	N/A	N/A	N/A	18,951,000	8,448	2,243
2015	17,505,000	N/A	206,670	N/A	N/A	N/A	17,711,670	8,452	2,096
2016	16,720,000	N/A	156,422	\$ 250,000	N/A	N/A	17,126,422	8,463	2,024
2017	15,935,000	N/A	105,239	247,568	N/A	N/A	16,287,807	8,469	1,923
2018	15,120,000	N/A	53,104	189,485	N/A	N/A	15,362,589	8,417	1,825
2019	14,245,000	N/A	232,700	128,933	N/A	N/A	14,606,633	8,396	1,740
2020	13,325,000	N/A	195,386	65,808	N/A	N/A	13,586,194	8,362 *	1,625
2021	12,365,000	N/A	156,276	-	N/A	N/A	12,521,276	8,362 *	1,497

Source: District records

* Estimate

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2012	\$ 20,350,000		\$ 20,350,000	1.72%	\$ 2,393
2013	19,665,000		19,665,000	1.67%	2,321
2014	18,695,000		18,695,000	1.58%	2,243
2015	17,505,000		17,505,000	1.48%	2,096
2016	16,720,000		16,720,000	1.41%	2,024
2017	15,935,000		15,935,000	1.35%	1,923
2018	15,120,000		15,120,000	1.28%	1,825
2019	14,245,000		14,245,000	1.20%	1,740
2020	13,325,000		13,325,000	1.12%	1,625
2021	12,365,000		12,365,000	1.04%	1,497

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**NORTH HALEDON BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt:			
Borough of North Haledon	\$ 11,698,300		\$ 11,698,300
North Haledon Board of Education	<u>13,325,000</u>	<u>13,325,000</u>	<u>-</u>
	<u>\$ 25,023,300</u>	<u>\$ 13,325,000</u>	<u>\$ 11,698,300</u>
 Net Overlapping Debt of School District:			
County of Passaic		13,716,129	
PCUA		1,169,816	
PVSC		<u>625,878</u>	
			<u>15,511,823</u>
 Total Direct and Overlapping Bonded Debt as of December 31, 2020			 <u>\$ 27,210,123</u>

Source: 2020 Debt Statement, Borough of North Haledon

**NORTH HALEDON BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized Valuation Basis

	2020	\$	1,400,972,727
	2019		1,397,129,938
	2018		<u>1,372,149,751</u>
		\$	<u>4,170,252,416</u>
Average equalized valuation of taxable property		\$	1,390,084,139
Debt limit (3 % of average equalization value)			41,702,524
Total Net Debt Applicable to Limit			<u>12,365,283</u>
Legal debt margin		\$	<u>29,337,241</u>

Fiscal Year

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 42,905,067	\$ 41,284,805	\$ 41,020,694	\$ 39,202,703	\$ 38,846,022	\$ 39,099,410	\$ 39,507,198	\$ 40,288,358	\$ 41,107,991	\$ 41,702,524
Total net debt applicable to limit	<u>20,350,283</u>	<u>19,665,283</u>	<u>18,695,000</u>	<u>17,505,283</u>	<u>16,720,000</u>	<u>15,935,000</u>	<u>15,120,000</u>	<u>14,245,000</u>	<u>13,325,283</u>	<u>12,365,283</u>
Legal debt margin	<u>\$ 22,554,784</u>	<u>\$ 21,619,522</u>	<u>\$ 22,325,694</u>	<u>\$ 21,697,420</u>	<u>\$ 22,126,022</u>	<u>\$ 23,164,410</u>	<u>\$ 24,387,198</u>	<u>\$ 26,043,358</u>	<u>\$ 27,782,708</u>	<u>\$ 29,337,241</u>
Total net debt applicable to the limit as a percentage of debt limit	47.4%	47.6%	45.6%	44.7%	43.0%	40.8%	38.3%	35.4%	32.4%	29.7%

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2012	8,503	\$ 42,806	6.0%
2013	8,473	43,395	9.5%
2014	8,448	45,765	5.7%
2015	8,452	47,110	4.6%
2016	8,463	47,726	4.2%
2017	8,469	48,204	4.2%
2018	8,417	50,071	3.5%
2019	8,396	52,129	3.0%
2020	8,362	N/A	9.4%
2021	8,362	* N/A	N/A

Source: New Jersey State Department of Education

* Estimate

N/A Information Not Available

**NORTH HALEDON BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

PRIOR YEAR INFORMATION NOT AVAILABLE

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	43	45.5	47.5	46.0	51.0	40.7	42.3	40.6	41.6	41.6
Special Education	14.5	15.3	15.8	13.2	16.0	15.2	13.8	16.5	15.0	15.6
Other Special Education	9.2	7.48	7.48	19.0	15.0	8.5	7.9	7.9	9.1	12.7
Vocational										
Other Instruction										
Non Public School Program										
Adult/Continuing Education										
Support Services										
Student & Instruction Related	4	4	4	8.2	7.0	8.9	15.4	15.9	15.4	11.9
General Administration	1	2.1	2	2.0	2.0	2.3	2.5	2.5	1.5	1.5
School Administrative Services	4	3.25	4	5.5	5.0	3.8	3.5	3.5	3.5	3.5
Other Administrative Services										-
Central Services	2	2	2	2.0	2.0	2.0	2.5	2.5	3.0	3.0
Administrative Technology										-
Plant & Operation Maintenance	6.1	6.1	6.1	6.0	6.7	5.7	8.5	1.8	1.0	1.0
Other Support Services	3	3	3	5.0	4.0	0.8	-	-	-	-
Transportation	1	1.4	1.4	1.4	0.3	1.3	-	-	-	-
Total	<u>87.90</u>	<u>90.13</u>	<u>93.28</u>	<u>108.30</u>	<u>109.00</u>	<u>89.03</u>	<u>96.36</u>	<u>91.15</u>	<u>90.14</u>	<u>90.79</u>

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment a	Operating Expenditures b	Cost Per Pupil c	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	714.0	\$ 9,258,036	\$ 12,966	-1.61%	65.0	11	11	N/A	702.2	677.8	0.03%	96.53%
2013	738.0	9,810,173	13,293	2.52%	64.0	11.5	11.5	N/A	635.1	608.5	-9.55%	95.81%
2014	720.0	10,244,459	14,228	7.04%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	706.0	11,316,349	16,029	12.65%	64.0	11.03	11.03	N/A	N/A	706.0	N/A	N/A
2016	702.0	10,739,601	15,299	-4.56%	67.0	10.5	10.5	N/A	678.0	650.0	N/A	95.87%
2017	654.0	10,739,601	16,421	7.34%	55.9	11.71	11.71	N/A	638.8	613.3	-5.78%	96.01%
2018	655.0	11,080,589	16,917	3.02%	56.1	11.68	11.68	N/A	658.7	633.1	3.12%	96.11%
2019	628.0	11,956,819	19,040	12.55%	57.1	11.00	11.00	N/A	608.8	583.7	-7.58%	95.88%
2020	624.0	12,145,675	19,464	2.23%	60.8	10.26	10.26	N/A	623.2	605.9	2.37%	97.22%
2021	598.0	12,434,213	20,793	6.83%	57.2	11.01	9.74	N/A	591.0	582.0	-5.17%	98.48%

Sources: District records

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Building</u>										
<u>High Mountain Middle School</u>										
Square Feet	61,025	61,025	61,025	61,025	61,025	61,025	61,025	61,025	61,025	61,025
Capacity (students)	369	369	369	369	369	369	369	369	369	369
Enrollment	324	393	393	292	291	268	284	266	279	266
 <u>Memorial Elementary School</u>										
Square Feet	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	383	345	345	414	389	372	362	362	337	329

Number of Schools at June 30, 2021
Elementary = 2

Source: District Records

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

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

		<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>
School Facilities	Project #(s)										
High Mountain School	N/A	\$ 58,784	\$ 66,833	\$ 62,915	\$ 57,918	\$ 52,602	\$ 51,556	\$ 126,890	\$ 194,653	\$ 176,020	\$ 164,829
Memorial School	N/A	<u>49,670</u>	<u>64,368</u>	<u>62,364</u>	<u>57,401</u>	<u>52,132</u>	<u>61,304</u>	<u>114,191</u>	<u>115,795</u>	<u>113,852</u>	<u>136,616</u>
Total Facilities		<u>108,454</u>	<u>131,201</u>	<u>125,279</u>	<u>115,319</u>	<u>104,734</u>	<u>112,860</u>	<u>241,081</u>	<u>310,448</u>	<u>289,872</u>	<u>301,445</u>
Grand Total		<u>\$ 108,454</u>	<u>\$ 131,201</u>	<u>\$ 125,279</u>	<u>\$ 115,319</u>	<u>\$ 104,734</u>	<u>\$ 112,860</u>	<u>\$ 241,081</u>	<u>\$ 310,448</u>	<u>\$ 289,872</u>	<u>\$ 301,445</u>

Source: District Records

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - New Jersey Schools Insurance Group		
Property - Blanket Building & Contents	\$500,000,000	\$5,000
Comprehensive General Liability	11,000,000	-
Comprehensive Automobile Liability	11,000,000	1,000
Boiler and Machinery	100,000,000	5,000
School Board Legal Liability - New Jersey Schools Insurance Group		
Limit of Liability	11,000,000	5,000
Environmental Impairment Liability - Zurich Stedfast Insurance Co.		
Each occurrence	1,000,000	250,000
Aggregate	11,000,000	
Additional Excess Liability Policy - Tourus/Markel		
Aggregate	29,000,000	
Student Accident Policy - Berkley Life & Health Insurance Co.		
Maximum Benefit	5,000,000	
Full Exceed 10 year benefit period		
Public Employees' Faithful Performance Blanket		
Position Bond - New Jersey Schools Insurance Group	500,000	1,000
Surety Bond - Treasurer	200,000	
Surety Bond - Business Administrator/ Board Secretary	100,000	

Source School District's records

SINGLE AUDIT SECTION



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

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

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Haledon Board of Education as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the North Haledon Board of Education’s basic financial statements and have issued our report thereon dated February 1, 2022.

Internal Control Over Financial Reporting

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

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

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

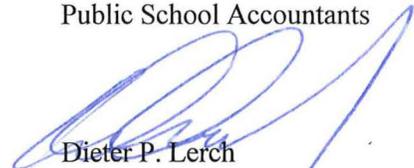
Compliance and Other Matters

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

Purpose of this Report

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


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 1, 2022



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the North Haledon Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of North Haledon Board of Education's major state programs for the fiscal year ended June 30, 2021. The North Haledon Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Programs

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

Report on Internal Control Over Compliance

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

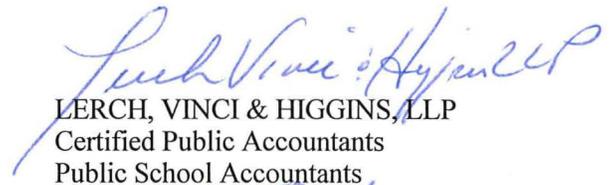
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

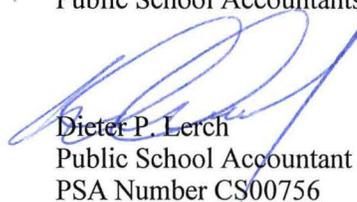
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Haledon Board of Education as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated February 1, 2022 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 1, 2022

NORTH HALEDON BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2021	Deferred Revenue Carryover Amount	(Accounts Receivable) Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2021			GAAP Receivable
												(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Agriculture Passed-Through State Department of Education															
<i>Enterprise Fund</i>															
National School Lunch Program															
Non-Cash Assistance (Food Distribution Program)	10.555	211NJ304N1099	N/A	7/1/20-6/30/21	\$ 5,142			\$ 5,142	\$ 2,652			\$ -	\$ 2,490		
Non-Cash Assistance (Food Distribution Program)	10.555	201NJ304N1099	N/A	7/1/19-6/30/20	11,923	\$ 1,485			1,485						
Cash Assistance	10.555	211NJ304N1099	N/A	7/1/20-6/30/21	26,374			20,731	26,374			(5,643)	-	\$ (5,643)	
Cash Assistance	10.555	201NJ304N1099	N/A	7/1/19-6/30/20	36,453	(686)		686							
School Breakfast Program	10.553	211NJ304N1099	N/A	7/1/20-6/30/21	11,899	-	-	10,791	11,899			(1,108)	-	(1,108)	
Total Child Nutrition Cluster/Enterprise Fund					799	-	-	37,350	42,410	-	-	(6,751)	2,490	(6,751)	
U.S. Department of Education Passed-Through State Department of Education															
<i>Special Revenue Fund</i>															
I.D.E.A. Part B, Basic	84.027A	H027A200100	IDEA364020	7/1/20-9/30/21	137,958			137,958	137,958			-	-	-	
I.D.E.A. Part B, Basic	84.027A	H027A190100	IDEA364019	7/1/19-9/30/20	129,997	(4,961)		4,961						-	
I.D.E.A. Part B, Preschool	84.173	H173A200114	IDEA364020	7/1/20-9/30/21	8,033	-	-	5,905	6,138			(2,128)	1,895	(233)	
Total Special Education Cluster (IDEA)					(4,961)	-	-	148,824	144,096	-	-	(2,128)	1,895	(233)	
E.S.E.A. Title I-A	84.010	S010A200030	NCLB364020	7/1/20-9/30/21	101,658		6,259	(6,259)	60,590	107,902		(47,327)	15	(47,312)	
E.S.E.A. Title I-A	84.010	S010A190030	NCLB364019	7/1/19-9/30/20	111,417	(35,825)	(6,259)	6,259	35,825						
E.S.E.A. Title II-A	84.367A	S367A200029	NCLB364020	7/1/20-9/30/21	20,912		5,500	(5,500)	4,769	9,259		(21,643)	17,153	(4,490)	
E.S.E.A. Title II-A	84.367A	S367A190029	NCLB364019	7/1/19-9/30/20	8,643	(2,484)	(5,500)	5,500	2,484						
E.S.E.A. Title IV	84.424A	S424A200031	NCLB364020	7/1/20-9/30/21	10,000		1,485	(1,485)	4,850	4,850		(6,635)	6,635	-	
E.S.E.A. Title IV	84.424A	S424A190031	NCLB364019	7/1/19-9/30/20	10,000	-	(1,485)	1,485	-	-		-	-	-	
Total E.S.E.A.					(38,309)	-	-	108,518	122,011	-	-	(75,605)	23,803	(51,802)	
<i>Elementary and Secondary School Emergency Relief (ESSER) Coronavirus Aid, Relief, and Economic Security (CARES) Act</i>															
CARES	84.425D	S425D200027		3/13/20-9/30/22	85,945	(81,493)	-	-	81,493	4,068		(4,452)	384	(4,068)	
<i>Elementary and Secondary School Emergency Relief (ESSER II) Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act</i>															
ESSER II	84.425D	S425D200027	36402109001	3/13/20-9/30/23	333,564					35,719		(333,564)	297,845	(35,719)	
Learning	84.425D	S425D200027	36402109001	3/13/20-9/30/23	25,000							(25,000)	25,000	-	
Mental Health	84.425D	S425D200027	36402109001	3/13/20-9/30/23	45,000							(45,000)	45,000	-	
<i>Coronavirus Relief Fund</i>															
Coronavirus Relief Fund (CRF)	21.019	N/A		7/16/20-10/31/20	26,480	-	-	-	26,480	26,480		-	-	-	
Total - COVID Grants					(81,493)	-	-	107,973	66,267	-	-	(408,016)	368,229	(39,787)	
Total Special Revenue Fund					(124,763)	-	-	365,315	332,374	-	-	(485,749)	393,927	(91,822)	
Total Federal Awards					\$ (123,964)	\$ -	\$ -	\$ 402,665	\$ 374,784	\$ -	\$ -	\$ (492,500)	\$ 396,417	\$ -	\$ (98,573)

Note - This schedule was not subject to a Federal Single Audit in accordance with U.S. Uniform Guidance.

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2021	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2021			MEMO		
									(Accounts Receivable)	Deferred Revenue/	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund														
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 394,902			\$ 362,200	\$ 394,902		\$ (32,702)				\$	394,902
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 377,038	\$ (32,580)		32,580								
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	23,855			21,880	23,855		(1,975)					23,855
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	23,855	(2,061)	-	2,061	-		-	-	-			-
Total State Aid - Public Cluster				(34,641)	-	418,721	418,757	-	(34,677)	-	-			418,757
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	85,420			78,346	85,420		(7,074)					85,420
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	85,420	(7,381)		7,381								
Extraordinary Aid	21-100-034-5120-473	7/1/20-6/30/21	151,704				151,704		(151,704)					151,704
Extraordinary Aid	20-100-034-5120-473	7/1/19-6/30/20	107,026	(107,026)		107,026								
Additional NonPublic Transportation Aid	N/A	7/1/20-6/30/21	31,030			-	31,030		(31,030)			\$	(31,030)	31,030
Additional NonPublic Transportation Aid	N/A	7/1/19-6/30/20	4,724	(4,724)		4,724								-
Bond Act School Security Grant for Alyssa's Law		7/1/20-6/30/21	33,107				33,107		(33,107)			\$	(33,107)	33,107
On-Behalf TPAF Normal Cost	21-495-034-5094-002	7/1/20-6/30/21	1,363,421			1,363,421	1,363,421		-					1,363,421
On-Behalf TPAF NCGI Premium	21-495-034-5094-004	7/1/20-6/30/21	25,941			25,941	25,941		-					25,941
On-Behalf TPAF Long Term Disability Insurance	21-100-034-5094-004	7/1/20-6/30/21	900			900	900		-					900
On-Behalf TPAF Post Retirement Medical Benefits	21-495-034-5094-001	7/1/20-6/30/21	435,404			435,404	435,404		-					435,404
Reimbursed TPAF Soc. Sec. Contributions	21-495-034-5094-013	7/1/20-6/30/21	368,129			350,701	368,129		(17,428)				(17,428)	368,129
Reimbursed TPAF Soc. Sec. Contributions	20-495-034-5094-013	7/1/19-6/30/20	371,118	(18,123)	-	18,123	-		-	-	-		-	-
Total General Fund				(171,895)	-	2,810,688	2,913,813	-	(275,020)	-	-		(81,565)	2,913,813
State Department of Agriculture														
State School Lunch Program	21-100-010-3360-067	7/1/20-6/30/21	1,253			1,104	1,253		(149)				(149)	1,253
State School Lunch Program	20-100-010-3360-067	7/1/19-6/30/20	1,571	(11)	-	11	-		-	-	-		-	-
Total Enterprise Fund				(11)	-	1,115	1,253	-	(149)	-	-		(149)	1,253
Total State Financial Assistance Subject to Single Audit Determination				\$ (171,906)	\$ -	2,811,803	2,915,066	\$ -	\$ (275,169)	\$ -	\$ -		\$ (81,714)	2,915,066
State Financial Assistance Not Subject to Major Program Determination														
General Fund														
On-Behalf TPAF						(1,825,666)	(1,825,666)							(1,825,666)
Total State Financial Assistance Subject to Major Program Determination						\$ 986,137	\$ 1,089,400							\$ 1,089,400

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$44,407 for the general fund and an increase of \$11,459 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,869,406	\$ 2,869,406
Special Revenue Fund	\$ 343,833		343,833
Food Service Fund	<u>42,410</u>	<u>1,253</u>	<u>43,663</u>
Total Awards Financial Assistance	<u>\$ 386,243</u>	<u>\$ 2,870,659</u>	<u>\$ 3,256,902</u>

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

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$368,129 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$1,389,362, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$435,404 and TPAF Long-Term Disability Insurance in the amount of \$900 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

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

Part I – Summary of Auditor’s Results

State Awards Section

- J) Dollar threshold used to distinguish Type A and Type B programs: \$ 750,000
- K) Auditee qualified as low-risk auditee? X yes no
- L) Type of auditors' report on compliance for major programs: Unmodified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? yes X no
- O) Identification of major programs:

GMIS Number(s)	Name of State Program
21-495-034-5120-089	Special Education Categorical Aid
21-495-034-5120-084	Security Aid

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

Part 2 – Schedule of Financial Statement Findings

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

There are none.

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

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

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

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

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

CURRENT YEAR STATE AWARDS

There are none.

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

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

STATUS OF PRIOR YEAR FINDINGS

There were none.