

PARAMUS BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Paramus, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Paramus Board of Education

Paramus, New Jersey

For The Fiscal Year Ended June 30, 2021

Prepared by

**Paramus Board of Education
Business Department**

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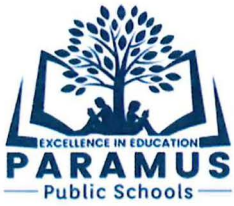
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INTRODUCTORY SECTION



PARAMUS PUBLIC SCHOOLS

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Brooke Bartley
Board Secretary/
Business Administrator
bbartley@paramusschools.org

January 28, 2022

Honorable President and
Members of the Board of Education
Paramus School District
County of Bergen, New Jersey

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Paramus Board of Education for the fiscal year ended June 30, 2021.

This report consists of management's representations concerning the finances of the Paramus Board of Education. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Paramus Board of Education has established a comprehensive internal control framework that is designed both to protect the school District's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Paramus Board of Education's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Paramus Board of Education's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Paramus Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Paramus Board of Education for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Paramus Board of Education's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Paramus 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 legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. These reports are available in the Single Audit Section of the Paramus Board of Education's CAFR.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Paramus Board of Education's MD&A can be found immediately following the report of the independent auditors.

1. REPORTING ENTITY AND ITS SERVICES: The Paramus School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA statement No. 14. All funds of the District are included in this report. The Paramus Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 12. These include regular, as well as special education for handicapped youngsters. The District's student enrollment of 3,597 students for the 2020-2021 fiscal year represents a decrease of 168 students from 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>
2020-2021	3,597	(4.6%)
2019-2020	3,765	(0.6%)
2018-2019	3,788	0.3%
2017-2018	3,776	(1.2%)
2016-2017	3,823	(1.8%)
2015-2016	3,894	(1.0%)
2014-2015	3,934	(0.2%)
2013-2014	3,941	(2.3%)
2012-2013	4,034	(1.5%)
2011-2012	4,095	(2.0%)

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Paramus is primarily suburban residential located in west central Bergen County about 18 miles west of New York City. Surrounding towns include Ridgewood, Washington Township, Fair Lawn, Rochelle Park, Maywood, River Edge, Oradell, Emerson and Hackensack. The Borough was incorporated in 1922. The government for the Borough consists of a mayor and six council members elected for overlapping terms.

Comprising about 10 square miles, the Borough has excellent transportation facilities. The principal route joining Bergen and Passaic Counties to New York City via the George Washington Bridge is NJ Route 4. NJ Route 17 is a major four-lane highway running north-south through Bergen and Hudson Counties, connecting southern New York State with the Lincoln Tunnel to New York City. The limited access Garden State Parkway runs through the Borough into southern New Jersey. Since the completion of Interstate 80, consumers in western New Jersey have access to the Bergen County retail stores. Together with these highways, four bus companies offer transportation to and from the Borough.

Bergen County is the most populated county in the State of New Jersey. The Borough of Paramus has become a major retail trade center. A significant percentage of the Borough tax revenues are generated by its commercial and industrial complexes which are experiencing continual growth. The population of the Borough has leveled off (2020 U.S. Census 26,342 est.) and the most recent Borough Master Plan (2006) indicates that the period of rapidly accelerating demand for municipal service facilities has passed.

Paramus is one of the largest shopping areas in the country, generating over \$6 billion in annual retail sales, more than any other ZIP code in the United States. Approximately 85% of the retail trade comes from people living outside the Borough, primarily customers being drawn from Bergen and Passaic Counties and from New York City and Rockland and Orange Counties in New York State. A secondary purchasing market includes Sullivan and Ulster Counties in New York State and Essex, Morris, Sussex and Union Counties in New Jersey. The Garden State Plaza, the Outlets at Bergen Town Center, the Paramus Fashion Center and Paramus Park, and the Paramus Crossroads are the major shopping complexes located in the Borough. The Borough is also home to many retail establishments including Ikea, BJ's Wholesale Club, Home Depot, Barnes & Noble, six multiplex movie theaters, and many other retail businesses, all of which are easily accessible.

Industrial development in Paramus has expanded along with commercial development. The Paramus Industrial park contains 232 acres zoned for business and light industry. A second industrial part occupies 115 acres west of NJ 17; a third, 15 acres east of NJ 17.

Over 90% of all housing units are owner-occupied single-family residences. New housing in the area is largely single-family residences in the \$600,000 to \$1,000,000 range, and older housing continues to show value appreciation. The Borough is developing a master plan to address affordable housing regulations. The impact on the schools is uncertain at this time, but the Board continues to monitor the progress to determine the effect on District enrollment.

3. MAJOR INITIATIVES: The Paramus School District has been recognized for educational excellence by several New Jersey Education Commissioners and by the United States Department of Education's Blue Ribbon Panel. Over the past several years, Paramus has been the recipient of eight Best Practice Awards, a Star School Award from the New Jersey Department of Education, a Service Learning Award from the United States Department of Education, and an award for Outstanding Middle School Technology Program in New Jersey. Paramus has been regularly considered a top community for arts education. For thirteen consecutive years, Paramus has been named as one of the 100 Best Communities for Music Education by The National Association of

Music Merchants (NAMM). In addition, Paramus High School has been recognized as a “Model School for the Arts”.

Supporting these awards for excellence, the New Jersey School Performance Report favorably compares our schools to schools throughout the state, including the following statistics and notations:

- Standardized test scores in all grades are significantly higher than state average.
- Scholastic Assessment Test (SAT) scores are also higher than the state average.
- A significant number of students are involved in Advanced Placement courses and score at a level meriting potential college credit.
- Our District boasts a 97% high school graduation rate.
- The District offers a wide range of programs that meet the diverse needs of students before, during and after the school day.

Additionally, a vast majority of our students are involved in extra-curricular, athletic, voluntary and community activities. Staff development focuses on the implementation of the New Jersey Student Learning standards and instructional practices at all levels. We continue to integrate elements of instructional technology (e.g., online resources, learning platforms) into all aspects of the curriculum. Furthermore, all students in the district, PK-12, have been issued a Chromebook for their use during instruction and systems have been implemented to support remote and hybrid learning in addition to in-person instruction. A variety of instructional and productivity software packages, including the Google for Education Enterprise suite with Meet and Classroom, Hapara Teacher Dashboard, LinkIt!, and others, have been provided to teachers along with in-depth, ongoing, embedded professional development delivered both during specified professional development times and at the need of the teacher by instructional coaches. The Information Technology Department continues to invest in improvements to district infrastructure including new wireless networks at the schools, a new security appliance for the district, state of the art virtual servers to replace end of life physical servers, upgraded internet bandwidth, and continues to utilize federal e-Rate funding to support upgrades to switches, access points, and other critical network components, ensuring capacity to deliver seamless instruction in a district-wide 1:1 computing environment.

The 2021-2022 school year included many new and continuing instructional initiatives highlighted by various curriculum projects that aligned existing curricula with the updated 2020 New Jersey Student Learning Standards (NJSLS) in preparation for implementation during the 2022-2023 school year. In addition to the curriculum projects, the district also expanded its use of diverse and differentiated online instructional tools to support students with engaging and authentic resources within the 1:1 learning environment.

The district has also made it a goal to focus on supporting the Social Emotional and Mental Health needs of its students and staff. In addition to the existing mental health professionals who support students and staff and both middle schools and the high school, the district also added an elementary clinician to support the mental health needs of students in grades K-4. A component of these clinician supports include parent/guardian outreach nights that provide mental health and social-emotional resources for families within the community.

In addition to routine maintenance, the District completed several significant construction projects including roof replacement at Paramus High School, stadium turf field replacement, remodeling several classrooms at East Brook Middle School, installed new paths around Parkway school, replacing the media center floor and renovations to the memorial music room and Stony Lane bathrooms.

To maintain a high level of school security, the district continued to add and upgrade cameras, continued utilizing armed security staff, and reviewed/sharpened security drill procedures. A new notification system for building lockdowns has been installed.

It is our goal that every student who receives a diploma from Paramus High School will graduate confident in his or her ability to learn and with the knowledge, understanding, skills, and attitudes that will enable each graduate to lead productive and fulfilling lives in a complex and rapidly changing society. Specifically, each graduate will have had appropriate and adequate opportunities to learn and be able to: communicate an idea, opinion or perspective in a variety of ways; solve problems analytically and creatively; contribute as citizens in an ever-shrinking global community with an appreciation for the diversity and interdependence of all people; embrace the concepts of emotional and physical wellness; work independently and cooperatively as a member of a group; and to embrace the ideal of lifelong learning.

Our success is the result of a team effort between the Board of Education, faculty, administration, staff, parents and community. We could not have achieved this high level of results without parent involvement and support.

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

As recipient of federal and state financial assistance, the District also is responsible for ensuring compliance with applicable laws and regulations related to federal and state financial assistance programs, as well as to determine that the District 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 amounts as amended for the fiscal year are reflected in the financial section.

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

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

7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". The District has adopted a cash management plan which is 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, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT: The Board carries various forms of insurance including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds, school board errors and omissions, boiler and machinery, and worker's compensation.

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S Uniform Guidance and New Jersey OMB Circular 15-08. The auditor's report on the basic financial statements and schedules are included in the financial section of the report. The auditor's reports relating specifically to the Single Audit are included in the Single Audit Section of this report.

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

Respectfully submitted,



Sean Adams
Superintendent of Schools



Brooke Bartley
Business Administrator/Board Secretary



T.T.A

Board of Education

Superintendent of Schools

Assistant Superintendent

Business Administrator/
Board Secretary

Director of Human Resources

Elementary Principals

Middle School Principals

High School Principal

Supervisor of Wellness, Health, and Physical Education, 5-12

Assistant Business Administrator

Director of Buildings & Grounds

Transportation Coordinator

Director of Technology & Innovation

Middle School Vice Principals

High School Vice Principals

Supervisor of Student Services

Supervisor of Assessment, Evaluation, and Accountability

Supervisor of Elementary Education/
District Programs/
District Anti-Bullying Coordinator

Supervisor of Fine, Performing, and Practical Arts

Supervisor of School Counseling

Supervisor of Humanities, Grades 5-12

Supervisor of S.T.E.M. Grades 5-12

**PARAMUS BOARD OF EDUCATION
PARAMUS, NEW JERSEY**

**ROSTER OF OFFICIALS
AS OF JUNE 30, 2021**

<u>Members of the Board of Education</u> <u>December 31</u>	Term Expires
Melissa Caminiti, President	2023
Patricia Kim, Vice President	2022
Joanne Bergmann	2023
Lisa Cassesa	2022
Alison Donoghue	2021
Anthony Feorenzo, Jr.	2021
Keri Greene	2022
William F. Holzmann	2023
Bernadette McCausland	2021

Other Officials

Sean Adams, Superintendent of Schools

Timothy Donohue, Assistant Superintendent

Dr. Alfredo Aguilar, Business Administrator/Board Secretary

Steven Cea, Interim Business Administrator/Board Secretary (3/2/21-6/30/21)

Mattea Field, Assistant Business Administrator

**PARAMUS BOARD OF EDUCATION
PARAMUS, NEW JERSEY**

**CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2021**

Architect

LAN Associates
445 Godwin Avenue, Suite 9
Midland Park, NJ 07432

Audit Firm

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

Attorneys

Board Attorney

Fogarty & Hara, Esqs.
21-00 Route 208 South
Fair Lawn, NJ

Labor Negotiating Attorney

Fogarty & Hara, Esqs.
21-00 Route 208 South
Fair Lawn, NJ

Bond Counsel

McManimon, Scotland & Baumann, LLC
75 Livingston Avenue
Roseland, New Jersey 07068

Official Depository

Capital One
464 Route 17 N.
Paramus, New Jersey 07652

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
Paramus Board of Education
Paramus, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Paramus 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 Paramus 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 Paramus Board of Education's basic financial statements. The introductory section, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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 Paramus 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, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

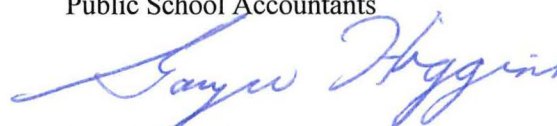
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 28, 2022 on our consideration of the Paramus 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 Paramus 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 Paramus Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 28, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The discussion and analysis of the Paramus School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$63,220,429 (net position).
- General revenues accounted for \$83,743,342 or 70 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$35,553,438 or 30 percent of total revenues of \$119,296,780.
- Total net position of governmental activities amounted to \$62,930,261 as of June 30, 2021.
- The District had \$111,191,348 in expenses related to governmental activities; only \$35,194,397 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$83,743,342 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$101,944,453 in revenues and \$95,668,972 in expenditures and transfers. The General Fund's fund balance (GAAP Basis) increased \$6,275,481 over the fiscal year ended June 30, 2020.

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Using the Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the district's most significant funds. In the case of the Paramus Board of Education, the General Fund is by far the most significant fund.

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2021?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, if the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- **Governmental Activities** – most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities.

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Reporting the District as a Whole (Continued)

- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods and services provided. The District's food service program is reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General, Special Revenue and Debt Service Funds. The District's Business-type Activities Fund is the Food Service Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end available for spending in the future years. These funds are reported using the *modified accrual accounting method*, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

Notes to the Financial Statements

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

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The District as a Whole

The *Statement of Net Position* provides the perspectives of the District as a whole, showing assets/deferred outflows, liabilities/deferred inflows and the difference between them (net position). Net position may serve over time as a useful indicator of a government's financial position.

Table 1 provides a summary of the District's net position as of June 30, 2021 and 2020.

Table 1
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u> (Restated)	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u> (Restated)
Current Assets	\$ 38,393,915	\$ 32,853,807	\$ 135,891	\$ 111,406	\$ 38,529,806	\$ 32,965,213
Capital Assets	58,999,530	59,805,687	169,289	185,463	59,168,819	59,991,150
Total Assets	<u>97,393,445</u>	<u>92,659,494</u>	<u>305,180</u>	<u>296,869</u>	<u>97,698,625</u>	<u>92,956,363</u>
Deferred Amount on Refunding of Debt	356,055	601,942	-	-	356,055	601,942
Deferred Amount on Net Pension Liability	1,802,227	2,744,062	-	-	1,802,227	2,744,062
Total Deferred Outflows of Resources	<u>2,158,282</u>	<u>3,346,004</u>	<u>-</u>	<u>-</u>	<u>2,158,282</u>	<u>3,346,004</u>
Long-Term Liabilities	26,807,355	29,742,461			26,807,355	29,742,461
Other Liabilities	1,722,871	2,483,756	15,012	-	1,737,883	2,483,756
Total Liabilities	<u>28,530,226</u>	<u>32,226,217</u>	<u>15,012</u>	<u>-</u>	<u>28,545,238</u>	<u>32,226,217</u>
Deferred Amount on Net Pension Liability	8,091,240	8,595,411	-	-	8,091,240	8,595,411
Total Deferred Inflows of Resources	<u>8,091,240</u>	<u>8,595,411</u>	<u>-</u>	<u>-</u>	<u>8,091,240</u>	<u>8,595,411</u>
Net Position						
Net Investment in Capital Assets	50,001,559	49,755,257	169,289	185,463	50,170,848	49,940,720
Restricted	29,744,455	26,261,714			29,744,455	26,261,714
Unrestricted	(16,815,753)	(20,833,101)	120,879	111,406	(16,694,874)	(20,721,695)
Total Net Position	<u>\$ 62,930,261</u>	<u>\$ 55,183,870</u>	<u>\$ 290,168</u>	<u>\$ 296,869</u>	<u>\$ 63,220,429</u>	<u>\$ 55,480,739</u>

The District's combined net position was \$63,220,429 and \$55,480,739 at June 30, 2021 and 2020, respectively. This was an increase of \$7,739,690 or 14 percent from the prior year. This is primarily due to an increase in invested in capital assets as a result of the payment of debt and an increase in restricted assets for future capital projects.

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Table 2 shows changes in net position for fiscal years ended June 30, 2021 and 2020.

Table 2
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program Revenues						
Charges for Services	\$ 1,103,719	\$ 1,057,391	\$ 7,164	\$ 778,094	\$ 1,110,883	\$ 1,835,485
Operating Grants and Contributions	34,090,678	25,106,044	351,877	115,800	34,442,555	25,221,844
General Revenues						
Property Taxes	82,479,590	80,909,091			82,479,590	80,909,091
Other	<u>1,263,752</u>	<u>1,085,152</u>	<u>-</u>	<u>-</u>	<u>1,263,752</u>	<u>1,085,152</u>
Total Revenues	<u>118,937,739</u>	<u>108,157,678</u>	<u>359,041</u>	<u>893,894</u>	<u>119,296,780</u>	<u>109,051,572</u>
Expenses						
Instruction						
Regular	44,132,065	39,336,658			44,132,065	39,336,658
Special Education	19,097,391	17,830,513			19,097,391	17,830,513
Other Instruction	2,895,590	2,685,417			2,895,590	2,685,417
School Sponsored Activities and Athletics	2,543,446	2,189,465			2,543,446	2,189,465
Support Services						
Student and Instruction Related Services	16,805,183	15,399,675			16,805,183	15,399,675
General Administration Services	1,060,527	1,285,274			1,060,527	1,285,274
School Administration Services	6,776,335	6,039,070			6,776,335	6,039,070
Plant Operations and Maintenance	10,732,116	10,591,090			10,732,116	10,591,090
Pupil Transportation	4,063,281	3,666,992			4,063,281	3,666,992
Central Services	2,812,672	2,507,800			2,812,672	2,507,800
Interest on Debt	272,742	434,095			272,742	434,095
Food Services	<u>-</u>	<u>-</u>	<u>365,742</u>	<u>896,609</u>	<u>365,742</u>	<u>896,609</u>
Total Expenses	<u>111,191,348</u>	<u>101,966,049</u>	<u>365,742</u>	<u>896,609</u>	<u>111,557,090</u>	<u>102,862,658</u>
Change in Net Position	7,746,391	6,191,629	(6,701)	(2,715)	7,739,690	6,188,914
Net Position, Beginning of Year	<u>55,183,870</u>	<u>48,339,171</u>	<u>296,869</u>	<u>299,584</u>	<u>55,480,739</u>	<u>48,638,755</u>
Prior Period Adjustment	<u>-</u>	<u>653,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653,070</u>
Net Position, End of Year	<u>\$ 62,930,261</u>	<u>\$ 55,183,870</u>	<u>\$ 290,168</u>	<u>\$ 296,869</u>	<u>\$ 63,220,429</u>	<u>\$ 55,480,739</u>

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Governmental Activities

The District's total revenues were \$118,937,739 and \$108,157,678 for the years ended June 30, 2021 and 2020, respectively. Property taxes made up 69 and 75 percent of revenues for governmental activities for the Paramus School District for the fiscal years ended June 30, 2021 and 2020, respectively. Federal, state and local grants and aid accounted for another 29 and 23 percent of revenues for the years ended June 30, 2021 and 2020, respectively.

The total cost of all programs and services was \$111,191,348 and \$101,966,049 for the fiscal years ended June 30, 2021 and 2020, respectively. Instruction comprises 62 and 61 percent of governmental program expenses for the fiscal years ended June 30, 2021 and 2020, respectively. Support services expenses make up 38 percent and 39 percent of governmental expenses for the fiscal years ended June 30, 2021 and 2020, respectively. Interest on debt comprises less than 1 percent of governmental expenses for fiscal years ended June 30, 2021 and 2020. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Total and Net Cost of Services

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction				
Regular	\$ 44,132,065	\$ 39,336,658	\$ 29,923,279	\$ 29,290,824
Special Education	19,097,391	17,830,513	8,876,188	8,953,120
Other Instruction	2,895,590	2,685,417	2,192,240	2,221,614
School Sponsored Activities and Athletics	2,543,446	2,189,465	1,391,326	1,490,146
Support Services				
Student and Instruction Related Services	16,805,183	15,399,675	12,114,724	11,679,766
General Administration Services	1,060,527	1,285,274	927,225	1,196,522
School Administration Services	6,776,335	6,039,070	4,873,404	4,788,107
Plant Operations and Maintenance	10,732,116	10,591,090	9,813,250	10,474,623
Pupil Transportation	4,063,281	3,666,992	3,196,713	2,920,130
Central Services	2,812,672	2,507,800	2,415,860	2,353,667
Interest on Debt	<u>272,742</u>	<u>434,095</u>	<u>272,742</u>	<u>434,095</u>
Total	<u>\$ 111,191,348</u>	<u>\$ 101,966,049</u>	<u>\$ 75,996,951</u>	<u>\$ 75,802,614</u>

The dependence of tax revenues and state subsidies for governmental activities is apparent.

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of \$359,041 and \$893,894 and expenses of \$ 365,742 and \$896,609 in fiscal years ended June 30, 2021 and 2020, respectively. Of the revenues, \$7,164 and \$778,094 was charges for services paid by patrons for daily food service, \$351,877 and \$115,800 was from State and Federal reimbursements for the fiscal years ended June 30, 2021 and 2020, respectively.

The School 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 \$108,536,363 and \$103,553,582 and expenditures were \$102,412,730 and \$99,233,466 for the fiscal years ended June 30, 2021 and 2020, respectively.

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 financial management. The following schedule present a summary of the revenues of the governmental funds for the fiscal years ending June 30, 2021 and 2020.

	<u>Year Ended June 30,</u>		Amount of Increase (Decrease)	Percent Change
	<u>2021</u>	<u>2020</u>		
Local Sources	\$ 84,886,688	\$ 83,096,114	\$ 1,790,574	2.15%
State Sources	21,032,772	18,553,309	2,479,463	13.36%
Federal Sources	<u>2,616,903</u>	<u>1,904,159</u>	<u>712,744</u>	37.43%
Total Revenues	<u>\$ 108,536,363</u>	<u>\$ 103,553,582</u>	<u>\$ 4,982,781</u>	4.81%

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

	<u>Year Ended June 30,</u>		Amount of Increase (Decrease)	Percent Change
	<u>2021</u>	<u>2020</u>		
Current:				
Instruction	\$ 59,040,545	\$ 56,180,172	\$ 2,860,373	5.09%
Support Services	39,003,382	38,185,797	817,585	2.14%
Capital Outlay	2,746,263	3,333,416	(587,153)	-17.61%
Debt Service:				
Principal	1,200,000	1,080,000	120,000	11.11%
Interest on Other Charges	302,560	454,081	(151,521)	-33.37%
Bond Issuance Costs	<u>119,980</u>	<u>-</u>	<u>119,980</u>	100.00%
Total Expenditures	<u>\$ 102,412,730</u>	<u>\$ 99,233,466</u>	<u>\$ 3,179,264</u>	3.20%

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

General Fund Budgeting Highlights

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

During the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of fiscal years 2021 and 2020, the District had \$59,168,819 and \$59,991,150 invested in land, construction in progress, buildings, site improvements, furniture and equipment and vehicles net of depreciation. Overall capital assets net of accumulated depreciation decreased by \$822,331 from fiscal year 2020 to fiscal year 2021 as a result of depreciation exceeding capital additions. Table 4 shows capital assets net of depreciation at June 30, 2021 and 2020.

Table 4
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 400,645	\$ 400,645			\$ 400,645	\$ 400,645
Buildings and Building Improvements	96,677,704	94,920,124	\$ 145,725	\$ 145,725	96,823,429	95,065,849
Machinery and Equipment	9,189,057	8,770,578	416,432	416,432	9,605,489	9,187,010
Site Improvements	4,846,715	4,276,511	-	-	4,846,715	4,276,511
	111,114,121	108,367,858	562,157	562,157	111,676,278	108,930,015
Less Accumulated Depreciation	52,114,591	48,562,171	392,868	376,694	52,507,459	48,938,865
Total	<u>\$ 58,999,530</u>	<u>\$ 59,805,687</u>	<u>\$ 169,289</u>	<u>\$ 185,463</u>	<u>\$ 59,168,819</u>	<u>\$ 59,991,150</u>

Additional information on Paramus Board of Education's capital assets can be found in Note 4 of this report.

Long-Term Liabilities

At June 30, 2021 and 2020, the District had \$26,807,355 and \$29,742,462 of long-term liabilities, respectively. Of this amount, \$491,868 and \$420,234 is for compensated absences, \$9,354,026 and \$10,652,372 of bonds payable less the unamortized discount for school construction, \$16,961,461 and \$18,669,856 net pension liability for the fiscal years ended June 30, 2021 and 2020, respectively.

Additional information on Paramus Board of Education's long-term liabilities can be found in Note 4 of this report.

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

For the Future

As with all public school districts in New Jersey, the Paramus School District is facing difficult financial issues due to state budget caps, essentially stagnant state aid, lower return on investments, increased costs for energy, health benefits, supplies, equipment and personnel. There are higher expectations for educational needs as well as non-educational needs such as security, infrastructure, and maintenance yet fewer dollars available to meet these expectations. State changes in rules, law and process have made the administration of the District more difficult and restricted the District's ability to acquire the resources to achieve these new or revised standards.

The most difficult matter which lies ahead is the limited financial resources available to the District to meet the needs of the District. The hard cap on the tax levy imposed by the State of New Jersey has very much had and continues to have a negative impact on our ability to provide the tools needed to continue to provide a superior educational program. Of concern over time is the ability to attract and retain quality staff members due to these issues. Nonetheless, the District is committed to continuing and improving its tradition of fiscal vigilance, planning, budgeting and internal controls to address the dynamic challenges ahead.

Contacting the District's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the revenues it receives. If you have questions about this report or need additional information, contact the Business Administrator/Board Secretary at Paramus Board of Education, 145 Spring Valley Road, Paramus, NJ 07652.

FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**PARAMUS 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	\$ 36,708,037	\$ 3,785	\$ 36,711,822
Receivables, net			
Receivables from Other Governments	1,685,878	105,141	1,791,019
Inventory		26,965	26,965
Capital Assets			
Not Being Depreciated	400,645		400,645
Being Depreciated, Net	<u>58,598,885</u>	<u>169,289</u>	<u>58,768,174</u>
Total Assets	<u>97,393,445</u>	<u>305,180</u>	<u>97,698,625</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	356,055		356,055
Deferred Amount on Net Pension Liability	<u>1,802,227</u>	<u>-</u>	<u>1,802,227</u>
Total Deferred Outflows of Resources	<u>2,158,282</u>	<u>-</u>	<u>2,158,282</u>
LIABILITIES			
Accounts Payable and Other Liabilities	709,801	15,012	724,813
Payable to State Government	678,026		678,026
Accrued Interest Payable	42,641		42,641
Unearned Revenue	292,403		292,403
Noncurrent Liabilities			
Due within one year	1,319,187		1,319,187
Due beyond one year	<u>25,488,168</u>	<u>-</u>	<u>25,488,168</u>
Total Liabilities	<u>28,530,226</u>	<u>15,012</u>	<u>28,545,238</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>8,091,240</u>	<u>-</u>	<u>8,091,240</u>
Total Deferred Inflows of Resources	<u>8,091,240</u>	<u>-</u>	<u>8,091,240</u>
NET POSITION			
Net Investment in Capital Assets	50,001,559	169,289	50,170,848
Restricted for			
Capital Projects	25,688,299		25,688,299
Other Purposes	4,056,156		4,056,156
Unrestricted	<u>(16,815,753)</u>	<u>120,879</u>	<u>(16,694,874)</u>
Total Net Position	<u>\$ 62,930,261</u>	<u>\$ 290,168</u>	<u>\$ 63,220,429</u>

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

PARAMUS 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	\$ 44,132,065	\$ 220,274	\$ 13,988,512		\$ (29,923,279)		\$ (29,923,279)
Special Education	19,097,391	666,374	9,554,829		(8,876,188)		(8,876,188)
Other Instruction	2,895,590		703,350		(2,192,240)		(2,192,240)
School Sponsored Activities and Athletics	2,543,446	217,071	935,049		(1,391,326)		(1,391,326)
Support Services							
Student and Instruction Related Services	16,805,183		4,690,459		(12,114,724)		(12,114,724)
School Administration Services	6,776,335		1,902,931		(4,873,404)		(4,873,404)
General Administration Services	1,060,527		133,302		(927,225)		(927,225)
Plant Operations and Maintenance	10,732,116		918,866		(9,813,250)		(9,813,250)
Pupil Transportation	4,063,281		866,568		(3,196,713)		(3,196,713)
Central Services	2,812,672		396,812		(2,415,860)		(2,415,860)
Interest on Long-Term Debt	272,742	-	-	-	(272,742)	-	(272,742)
Total Governmental Activities	<u>111,191,348</u>	<u>1,103,719</u>	<u>34,090,678</u>	<u>-</u>	<u>(75,996,951)</u>	<u>-</u>	<u>(75,996,951)</u>
Business-Type Activities							
Food Service	365,742	7,164	351,877	-	-	\$ (6,701)	(6,701)
Total Business-Type Activities	<u>365,742</u>	<u>7,164</u>	<u>351,877</u>	<u>-</u>	<u>-</u>	<u>(6,701)</u>	<u>(6,701)</u>
Total Primary Government	<u>\$ 111,557,090</u>	<u>\$ 1,110,883</u>	<u>\$ 34,442,555</u>	<u>\$ -</u>	<u>(75,996,951)</u>	<u>(6,701)</u>	<u>(76,003,652)</u>

Continued

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues			
Property Taxes Levied for General Purposes	\$ 81,574,510		\$ 81,574,510
Property Taxes Levied for Debt Service	905,080		905,080
Miscellaneous Income	1,263,752	-	1,263,752
 Total General Revenues	 83,743,342	 -	 83,743,342
 Change in Net Position	 7,746,391	 \$ (6,701)	 7,739,690
 Net Position, Beginning of Year (Restated)	 55,183,870	 296,869	 55,480,739
 Net Position, End of Year	 \$ 62,930,261	 \$ 290,168	 \$ 63,220,429

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 36,083,096	\$ 622,420	\$ 2,521	\$ 36,708,037
Receivables from Other Governments	1,121,100	564,778	-	1,685,878
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 37,204,196	\$ 1,187,198	\$ 2,521	\$ 38,393,915
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 625,811	\$ 32,728		\$ 658,539
Payable to State Government	140,950	537,076		678,026
Payroll Deductions and Withholdings Payable	51,262			51,262
Unearned Revenue	27,100	265,303	-	292,403
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	845,123	835,107	-	1,680,230
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances				
Restricted				
Debt Service			\$ 2,521	2,521
Excess Surplus	600,000			600,000
Excess Surplus - Designated for Subsequent Year's Expenditures	600,000			600,000
Capital Reserve	20,088,299			20,088,299
Capital Reserve - Designated for Subsequent Year's Expenditures	5,600,000			5,600,000
Maintenance Reserve	3,434,953			3,434,953
Emergency Reserve	855,750			855,750
Student Activities		352,091		352,091
Unemployment Compensation	266,591			266,591
Committed				
Year End Encumbrances	759,315			759,315
Assigned				
Year End Encumbrances	1,085,895			1,085,895
FFCRA/SEMI - Designated for Subsequent Year's Expenditures	1,805			1,805
Unassigned	3,066,465	-	-	3,066,465
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	36,359,073	352,091	2,521	36,713,685
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 37,204,196	\$ 1,187,198	\$ 2,521	\$ 38,393,915
	<hr/>	<hr/>	<hr/>	<hr/>

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

Total Fund Balance - Governmental Funds (Exhibit B-1) **\$ 36,713,685**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$111,114,121 and the accumulated depreciation is \$52,114,591.

58,999,530

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:

(42,641)

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.

356,055

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

Deferred Outflows of Resources	\$	1,802,227
Deferred Inflows of Resources		<u>(8,091,240)</u>

(6,289,013)

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. These items are as follows:

Bonds Payable, Including Unamortized		
Discount		(9,354,026)
Net Pension Liability		(16,961,461)
Compensated Absences Payable		<u>(491,868)</u>
		<u>(26,807,355)</u>

Net Position of Governmental Activities (Exhibit A-1) **\$ 62,930,261**

PARAMUS 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>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 81,574,510		\$ 905,080	\$ 82,479,590
Tuition	886,648			886,648
Interest Earned on Capital Reserve	28,250			28,250
Miscellaneous	<u>1,235,502</u>	<u>\$ 256,698</u>	<u>-</u>	<u>1,492,200</u>
Total - Local Sources	83,724,910	256,698	905,080	84,886,688
State Sources	18,177,063	2,855,709	-	21,032,772
Federal Sources	<u>42,480</u>	<u>2,574,423</u>	<u>-</u>	<u>2,616,903</u>
Total Revenues	<u>101,944,453</u>	<u>5,686,830</u>	<u>905,080</u>	<u>108,536,363</u>
EXPENDITURES				
Current				
Regular Instruction	35,204,088	1,296,209		36,500,297
Special Education Instruction	14,739,886	2,986,541		17,726,427
Other Instruction	2,627,921			2,627,921
School-Sponsored Activities and Athletics	1,934,441	251,459		2,185,900
Support Services				
Student and Instruction Related Services	14,090,355	1,125,926		15,216,281
School Administration Services	6,050,912			6,050,912
General Administration Services	898,153			898,153
Plant Operations and Maintenance	10,263,520			10,263,520
Pupil Transportation	3,879,863			3,879,863
Central Services	2,694,653			2,694,653
Debt Service				
Principal			1,200,000	1,200,000
Interest and Other Charges			302,560	302,560
Bond Issuance Costs			119,980	119,980
Capital Outlay	<u>2,685,180</u>	<u>61,083</u>	<u>-</u>	<u>2,746,263</u>
Total Expenditures	<u>95,068,972</u>	<u>5,721,218</u>	<u>1,622,540</u>	<u>102,412,730</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,875,481</u>	<u>(34,388)</u>	<u>(717,460)</u>	<u>6,123,633</u>
Other Financing Sources (Uses)				
Transfers In			600,000	600,000
Transfers Out	(600,000)			(600,000)
Payment to Refunded Bond Escrow Agent			(8,197,863)	(8,197,863)
Refunding Bonds Issued			8,335,000	8,335,000
Discount on Issuance of Refunding Bonds	<u>-</u>	<u>-</u>	<u>(17,157)</u>	<u>(17,157)</u>
Total Other Financing Sources (Uses)	<u>(600,000)</u>	<u>-</u>	<u>719,980</u>	<u>119,980</u>
Net Change in Fund Balances	6,275,481	(34,388)	2,520	6,243,613
Fund Balance, Beginning of Year, Restated	<u>30,083,592</u>	<u>386,479</u>	<u>1</u>	<u>30,470,072</u>
Fund Balance, End of Year	<u>\$ 36,359,073</u>	<u>\$ 352,091</u>	<u>\$ 2,521</u>	<u>\$ 36,713,685</u>

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

**PARAMUS 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) \$ 6,243,613

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	\$ 2,746,263	
Depreciation Expense	<u>(3,552,420)</u>	(806,157)

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.

Debt Issued or Incurred:		
Issuance of Refunding Bonds	(8,335,000)	
Original Issue Discount	<u>17,157</u>	(8,317,843)
Principal Repayments		
Bonds Payable		1,200,000
Payment to escrow agent for refunding		8,197,863

Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 2)

Change in net position of governmental activities (Exhibit A-2)	<u>\$ 7,746,391</u>	
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**PARAMUS BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2021**

	Business- Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 3,785
Intergovernmental Receivable	
State	4,989
Federal	100,152
Inventory	<u>26,965</u>
Total Current Assets	<u>135,891</u>
Capital Assets	
Buildings and Buildings Improvements	145,725
Equipment	416,432
Less: Accumulated Depreciation	<u>(392,868)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>169,289</u>
Total Assets	<u>305,180</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>15,012</u>
Total Current Liabilities	<u>15,012</u>
NET POSITION	
Investment in Capital Assets	169,289
Unrestricted	<u>120,879</u>
Total Net Position	<u>\$ 290,168</u>

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

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

		Business- Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES		
Charges for Services		
Daily Sales - Reimbursable Programs	\$	5,412
Daily Sales - Non-Reimbursable Programs		269
Miscellaneous		<u>1,483</u>
 Total Operating Revenues		 <u>7,164</u>
OPERATING EXPENSES		
Cost of Sales - Reimbursable Programs		147,378
Cost of Sales - Non-Reimbursable Programs		6,325
Salaries and Employee Benefits		124,558
Supplies and Materials		25,696
Management Fee		15,902
Other Purchased Services		4,944
Depreciation		16,174
Purchased Professional and Technical Services		<u>24,765</u>
 Total Operating Expenses		 <u>365,742</u>
 Operating Loss		 <u>(358,578)</u>
NONOPERATING REVENUES		
State Sources		
School Lunch Program		17,437
Federal Sources		
National School Lunch Program		313,002
Food Distribution Program		<u>21,438</u>
 Total Nonoperating Revenues		 <u>351,877</u>
 Changes in Net Position		 (6,701)
 Total Net Position, Beginning of Year		 <u>296,869</u>
 Total Net Position, End of Year	\$	 <u><u>290,168</u></u>

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

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

	Business- Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 7,568
Cash Payments for Employees' Salaries and Benefits	(124,558)
Cash Payments to Suppliers for Goods and Services	<u>(189,661)</u>
Net Cash Used by Operating Activities	<u>(306,651)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>227,005</u>
Net Cash Provided by Noncapital Financing Activities	<u>227,005</u>
Net Decrease in Cash and Cash Equivalents	(79,646)
Cash and Cash Equivalents, Beginning of Year	<u>83,431</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,785</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (358,578)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	16,174
Non-Cash Federal Assistance Food Distribution Program- National School Lunch Program	21,438
Change in Assets and Liabilities Increase/(Decrease) in Accounts Payable	15,012
(Increase)/Decrease in Other Accounts Receivable	404
(Increase)/Decrease in Inventory	<u>(1,101)</u>
Total Adjustments	<u>51,927</u>
Net Cash Used by Operating Activities	<u>\$ (306,651)</u>
Non-Cash Financing Activities National School Lunch (Food Distribution)	\$ 21,438

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

NOTES TO THE FINANCIAL STATEMENTS

**PARAMUS 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 Paramus 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 twelve (12) 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 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 Paramus 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:

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

- 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The 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 administration, teachers and special events.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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.

**PARAMUS 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)

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>
Site Improvements	20
Buildings and Building Improvements	40
Machinery Equipment and Vehicles	10-20
Office Equipment and Furniture	10-20
Computer Equipment	5

5. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type which arises only under the accrual basis of accounting that qualifies for reporting in this category. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

PARAMUS 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)

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

In the district-wide financial statements, 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 reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. 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.

PARAMUS 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*

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.

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

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.

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

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

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

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

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 3).

PARAMUS 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)

Restricted Fund Balance (Continued)

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.

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

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

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustees for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

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

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

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.

PARAMUS 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*

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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 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.

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Compensated Absences	\$ (71,634)
Accrued Interest	57,379
Amortization of Deferred Amount on Refunding of Debt	(26,378)
Amortization of Discount	(1,183)
PERS Pension Expense Adjustment	<u>1,270,731</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,228,915</u>

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 14, 2012, the Mayor and Council of the Borough of Paramus adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$4,919,365. The net increase was funded by additional grant and aid awards, the appropriation of the capital reserve fund balance, state aid reduction, 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.

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

NOTE 3 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		\$ 22,673,691
Increased by:		
Interest earnings	\$ 28,250	
Deposits Approved by Board Resolution	5,315,468	
Return of Unexpended Budget Appropriations		
Funded from Reserve	<u>1,520,890</u>	
Total Increases		<u>6,864,608</u>
		29,538,299
Decreased by:		
Approved in District Budget - Debt Service Fund	600,000	
Approved by Board Resolution - General Fund	250,000	
Approved in District Budget - Capital Projects	<u>3,000,000</u>	
Total Decreases		<u>3,850,000</u>
Balance, June 30, 2021		<u>\$ 25,688,299</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. The District has appropriated \$5,600,000 of the capital reserve as a withdrawal in the 2021/22 budget of that amount \$5,000,000 will be utilized for capital projects and \$600,000 will be transferred to the Debt Service Fund.

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

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

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

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

Balance, July 1, 2020	\$ 2,934,953
Increased by:	
Deposits Approved by Board Resolution	\$ <u>500,000</u>
Total Increases	<u>500,000</u>
Balance, June 30, 2021	<u>\$ 3,434,953</u>

The June 30, 2021 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$4,349,202.

D. Emergency Reserve

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

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

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

Balance, July 1, 2020	\$ <u>855,750</u>
Balance, June 30, 2021	<u>\$ 855,750</u>

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Transfers to Capital Outlay

During the 2020/2021 school year, the district transferred \$250,000 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23-8.4.

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2021 is \$1,200,000. Of this amount, \$600,000 was designated and appropriated in the 2021/2022 original budget certified for taxes and the remaining amount of \$600,000 will be appropriated in the 2022/2023 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$36,711,822 and bank and brokerage firm balances of the Board’s deposits amounted to \$39,211,401. The Board's deposits which are displayed on the various fund balance sheets as “cash and cash equivalents” are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured:	
Cash and Cash Equivalents	<u>\$ 39,211,401</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2021 none of the Board’s bank balances were exposed to custodial credit risk.

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

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.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

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

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 23,200			\$ 23,200
Intergovernmental				
Federal	5,799	\$ 560,366	\$ 100,152	666,317
State	396,600	4,412	4,989	406,001
Other	695,501	-	-	695,501
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	1,121,100	564,778	105,141	1,791,019
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 1,121,100</u>	<u>\$ 564,778</u>	<u>\$ 105,141</u>	<u>\$ 1,791,019</u>

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

NOTE 4 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:

General Fund		
Tuition Charges		\$ 27,100
Special Revenue Fund		
Unencumbered Grant Draw Downs		229,982
Grant Draw Downs Reserved for Encumbrances		<u>35,321</u>
Total Unearned Revenue for Governmental Funds		<u>\$ 292,403</u>

D. Capital Assets

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

	Balance, July 1, 2020	Increases	Decreases	Balance, June 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 400,645	\$ -	\$ -	\$ 400,645
Total capital assets, not being depreciated	<u>400,645</u>	<u>-</u>	<u>-</u>	<u>400,645</u>
Capital assets, being depreciated:				
Buildings and Building Improvements	94,920,124	\$ 1,757,580		96,677,704
Site Improvements	4,276,511	570,204		4,846,715
Machinery and Equipment	<u>8,770,578</u>	<u>418,479</u>	\$ -	<u>9,189,057</u>
Total capital assets being depreciated	<u>107,967,213</u>	<u>2,746,263</u>	<u>-</u>	<u>110,713,476</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(41,049,830)	(2,707,222)		(43,757,052)
Site Improvements	(1,528,148)	(232,981)		(1,761,129)
Machinery and Equipment	<u>(5,984,193)</u>	<u>(612,217)</u>	-	<u>(6,596,410)</u>
Total accumulated depreciation	<u>(48,562,171)</u>	<u>(3,552,420)</u>	<u>-</u>	<u>(52,114,591)</u>
Total capital assets, being depreciated, net	<u>59,405,042</u>	<u>(806,157)</u>	<u>-</u>	<u>58,598,885</u>
Government activities capital assets, net	<u>\$ 59,805,687</u>	<u>\$ (806,157)</u>	<u>\$ -</u>	<u>\$ 58,999,530</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2021</u>
Business-Type activities:				
Capital assets, being depreciated:				
Buildings and Building Improvements	\$ 145,725			\$ 145,725
Machinery and Equipment	<u>416,432</u>	-	-	<u>416,432</u>
Total capital assets being depreciated	<u>562,157</u>	-	-	<u>562,157</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(49,459)	\$ (3,583)		(53,042)
Machinery and Equipment	<u>(327,235)</u>	<u>(12,591)</u>	-	<u>(339,826)</u>
Total accumulated depreciation	<u>(376,694)</u>	<u>(16,174)</u>	-	<u>(392,868)</u>
Total capital assets, being depreciated, net	<u>185,463</u>	<u>(16,174)</u>	-	<u>169,289</u>
Business-type activities capital assets, net	<u>\$ 185,463</u>	<u>\$ (16,174)</u>	<u>\$ -</u>	<u>\$ 169,289</u>

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

Governmental activities:	
Instruction	
Regular	<u>\$ 2,853,862</u>
Total Instruction	<u>2,853,862</u>
Support Services	
Student and Instruction Related Services	164,942
General Administrative Services	1,052
School Administrative Services	16,895
Plant Operations and Maintenance	347,132
Pupil Transportation	<u>168,537</u>
Total Support Services	<u>698,558</u>
Total Government Funds	<u>\$ 3,552,420</u>
Business-Type Activities:	
Food Service Fund	\$ 16,174
Total Depreciation Expense-Business-Type Activities	<u>\$ 16,174</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

Interfund transfers

	<u>Transfer In:</u>	
	<u>Debt</u>	<u>Total</u>
<u>Transfer Out:</u>		
General Fund	\$ 600,000	\$ 600,000
Total transfers out	\$ 600,000	\$ 600,000

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

F. Long-Term Debt

General Obligation Bonds

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

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

\$16,460,000, 2012 Refunding Bonds, due in annual installments of \$1,130,000 through April 1, 2022, interest at 5.00%	\$ 1,130,000
\$8,335,000, 2020 Refunding Bonds, due in annual installments of \$140,000 to \$1,275,000 through April 1, 2029, interest at 1.00% to 1.875%	<u>8,240,000</u>
	<u>\$9,370,000</u>

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

Governmental Activities:

<u>Year Ending</u> <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 1,270,000	\$ 458,894	\$ 1,728,894
2023	1,275,000	112,662	1,387,662
2024	1,235,000	99,913	1,334,913
2025	1,195,000	86,019	1,281,019
2026	1,155,000	71,081	1,226,081
2027-2029	<u>3,240,000</u>	<u>111,100</u>	<u>3,351,100</u>
Total	\$ <u>9,370,000</u>	\$ <u>939,669</u>	\$ <u>10,309,669</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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:

4% of Equalized Valuation Basis (Municipal)	\$ 401,737,592
Less: Net Debt	<u>9,370,000</u>
Remaining Borrowing Power	<u>\$ 392,367,592</u>

Advance and Current Refundings of Debt

On November 5, 2020 the District issued \$8,335,000 in School District Refunding Bonds having an interest rate of 1.00% to 1.875%. These Bonds were issued in order to currently refund certain principal maturities of various school district bonds. The total principal currently refunded was \$7,780,000. The reacquisition price exceeded the net carrying amount of the old debt by \$382,433. This amount has been reported as Deferred Outflows of Resources on the financial statements and will be amortized over the new debt's life, which is shorter than the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next nine years by \$289,934.

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Balance, July 1, 2020	Additions	Reductions	Balance, June 30, 2021	Due Within One Year
Governmental activities:					
Bonds payable	\$ 10,015,000	\$ 8,335,000	\$ 8,980,000	\$ 9,370,000	\$ 1,270,000
Add:					
Unamortized Premium	637,372		637,372	-	
Less:					
Unamortized Discount	<u>-</u>	<u>17,157</u>	<u>1,183</u>	<u>15,974</u>	<u>-</u>
	10,652,372	8,352,157	9,618,555	9,354,026	1,270,000
Net Pension Liability	18,669,856		1,708,395	16,961,461	
Compensated Absences	<u>420,234</u>	<u>71,634</u>	<u>-</u>	<u>491,868</u>	<u>49,187</u>
Government Activity Long-Term Liabilities	<u>\$ 29,742,462</u>	<u>\$ 8,423,791</u>	<u>\$ 11,326,950</u>	<u>\$ 26,807,355</u>	<u>\$ 1,319,187</u>

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

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

NOTE 5 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG) and the South Bergen Workers Compensation Fund (SBWC). The Funds are 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 funds 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 funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

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

The District provided traditional health coverage with the State Employees Health Benefits Program.

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 restricted fund balance for unemployment compensation claims in the general fund for the current and previous two years:

<u>Year Ended June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ 220,910	\$ 140,950	\$ 266,591
2020	158,575	201,162	266,591
2019	130,829	132,834	309,178

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

NOTE 5 OTHER INFORMATION (Continued)

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation except for the following:

May 17, 2018 Paramus School Bus Accident

As of June 30, 2021 to present, there are thirty five (35) tort claims and/or complaints that have been filed by parents on behalf of their children, employees, and employee of the company that owns the truck that collided with the bus. These pending claims are being defended by the Board's general liability insurance carrier. The outcome of these tort claims and/or complaints is presently uncertain.

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

C. Federal Arbitrage Regulations

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

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon 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.

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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

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

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

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

Year Ended June 30,	PERS	On-behalf TPAF	DCRP
2021	\$ 1,137,827	\$ 8,990,575	\$ 124,976
2020	1,007,873	6,843,993	141,337
2019	1,047,943	6,081,792	137,041

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$0-, \$3,725 and \$3,849, respectively for PERS and the State contributed \$4,239, \$4,201 and \$4,835, 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 \$2,481,920 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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

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

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

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

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$16,961,461 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 0.10401 percent, which was an increase of 0.00039 percent from its proportionate share measured as of June 30, 2019 of 0.10362 percent.

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$132,904 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:

Difference Between Expected and Actual Experience	\$ 308,840	\$ 59,983
Changes of Assumptions	550,249	7,101,924
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	579,756	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>363,382</u>	<u>929,333</u>
Total	<u>\$ 1,802,227</u>	<u>\$ 8,091,240</u>

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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

Year Ending <u>June 30,</u>	<u>Total</u>
2021	\$ (1,486,599)
2022	(1,486,599)
2023	(1,486,599)
2024	(1,486,599)
2025	(342,617)
Thereafter	<u>-</u>
	<u>\$ (6,289,013)</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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Sensitivity of Net Pension Liability

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

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>21,351,650</u>	\$ <u>16,961,461</u>	\$ <u>13,236,266</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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

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

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$12,551,860 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 \$201,849,480. 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 .30653 percent, which was an increase of .00364 percent from its proportionate share measured as of June 30, 2019 of .30289 percent.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal</u> <u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	5.40%
2020	June 30, 2019	5.60%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2020. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.40%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(4.40%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(5.40%)</u>	<u>1%</u> <u>Increase</u> <u>(6.40%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 237,095,854</u>	<u>\$ 201,849,480</u>	<u>\$ 172,583,282</u>

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

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

Plan Description and Benefits Provided

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

E Post-Retirement Medical Benefits (Continued)

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

Plan Membership

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

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

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2020.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2021, 2020 and 2019 were \$2,817,506, \$2,538,996 and \$2,758,691, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2019 through June 30, 2020. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$9,657,597. 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 \$198,198,766. 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 .29229 percent, which was an increase of .00220 percent from its proportionate share measured as of June 30, 2019 of .29449 percent.

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

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

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

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

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

Discount Rate

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

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

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2019 Measurement Date	\$ <u>122,888,773</u>
Changes Recognized for the Fiscal Year:	
Service Cost	5,140,153
Interest on the Total OPEB Liability	4,422,963
Differences Between Expected and Actual Experience	32,888,666
Changes of Assumptions	36,204,104
Gross Benefit Payments	(3,450,477)
Contributions from the Member	104,584
Net Changes	<u>\$ 75,309,993</u>
Balance, June 30, 2020 Measurement Date	\$ <u>198,198,766</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.

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

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

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>238,938,843</u>	\$ <u>198,198,766</u>	\$ <u>166,343,950</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ <u>159,992,728</u>	\$ <u>198,198,766</u>	\$ <u>243,693,666</u>

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

F. Tax Abatements

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

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

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

NOTE 6 RESTATEMENT

On July 1, 2020, the Paramus Board of Education implemented GASB Statement No. 84 “Fiduciary Activities”. The Paramus 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 \$653,070 from \$54,530,800 as previously reported to \$55,183,870 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 governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$653,070 from \$29,817,002 as previously reported to \$30,470,072 as of June 30, 2020. General Fund fund balance increased \$266,591 from \$29,817,001 as previously reported to \$30,083,592 as of June 30, 2020. Special Revenue Fund fund balance increased \$386,479 from \$-0- as previously reported to \$386,479 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 \$266,591 from \$266,591 as previously reported to \$-0- as of June 30, 2020.

NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

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

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

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

NOTE 7 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

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 81,574,510		\$ 81,574,510	\$ 81,574,510	
Tuition from Individuals	481,829		481,829	198,252	\$ (283,577)
Tuition from Other LEAs Within State	445,368		445,368	683,546	238,178
Tuition from Summer School	15,000		15,000	4,850	(10,150)
Interest Earned on Capital Reserve Funds	30,000		30,000	28,250	(1,750)
Rents and Royalties	155,000		155,000	109,291	(45,709)
Unrestricted Miscellaneous Revenues	643,956	-	643,956	1,126,211	482,255
Total Local Sources	83,345,663	-	83,345,663	83,724,910	379,247
State Sources					
Categorical Special Education Aid	2,536,846	\$ (305,440)	2,231,406	2,231,406	-
Categorical Security Aid	69,352		69,352	69,352	-
Categorical Transportation Aid	727,057		727,057	727,057	-
NonPublic Transportation Aid				64,107	64,107
Extraordinary Special Ed. Costs Aid				767,166	767,166
School Security Grant (Alyssa's Law)		210,495	210,495	210,495	-
Reimbursed TPAF Social Security Contribution (Non Budgeted)				2,481,920	2,481,920
On Behalf TPAF Pension System Contribution- (Non Budgeted)				8,990,575	8,990,575
On Behalf TPAF Pension System Contribution Long Term Disability Insurance(Non Budgeted)				4,239	4,239
On Behalf TPAF Pension System Contribution Post Retirement Medical Contribution(Non Budgeted)	-	-	-	2,817,506	2,817,506
Total State Sources	3,333,255	(94,945)	3,238,310	18,363,823	15,125,513
Federal Sources					
Medicaid Reimbursement	66,082	-	66,082	42,480	(23,602)
Total Federal Sources	66,082	-	66,082	42,480	(23,602)
Total Revenues	86,745,000	(94,945)	86,650,055	102,131,213	15,481,158
EXPENDITURES					
CURRENT EXPENSE					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	440,450		440,450	433,942	6,508
Kindergarten	885,320		885,320	826,433	58,887
Grades 1-5	6,822,825	(100,000)	6,722,825	6,445,961	276,864
Grades 6-8	5,115,952	(169,000)	4,946,952	4,816,804	130,148
Grades 9-12	7,425,165	(33,000)	7,392,165	7,274,038	118,127
Regular Programs - Home Instruction					
Salaries of Teachers	30,000	(10,000)	20,000	3,696	16,304
Purchased Professional-Educational Services	5,000	10,000	15,000	11,329	3,671
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	382,141	(3,732)	378,409	319,561	58,848
Purchased Professional-Educational Services	10,600	12,270	22,870	19,340	3,530
Purchased Technical Services	33,100	3,388	36,488	29,450	7,038
Other Purchased Services	3,000	-	3,000	421	2,579
General Supplies	1,871,069	755,609	2,626,678	1,811,626	815,052
Textbooks	270,715	(79,495)	191,220	183,337	7,883
Other Objects	5,000	3,733	8,733	3,839	4,894
Total Regular Programs	23,300,337	389,773	23,690,110	22,179,777	1,510,333
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	542,000	-	542,000	445,486	96,514
Other Salaries for Instruction	308,065	-	308,065	281,792	26,273
General Supplies	19,400	-	19,400	18,726	674
Total Learning and/or Language Disabilities	869,465	-	869,465	746,004	123,461

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE					
Special Education (Continued)					
Behavioral Disabilities					
Salaries of Teachers	\$ 131,700	\$ 1,169	\$ 132,869	\$ 132,869	
Other Salaries for Instruction	74,088	1,152	75,240	75,240	
General Supplies	3,000	(500)	2,500	2,500	-
Total Behavioral Disabilities	208,788	1,821	210,609	210,609	-
Multiple Disabilities					
Salaries of Teachers	327,200	16,500	343,700	343,421	\$ 279
Other Salaries for Instruction	328,402	6,900	335,302	335,296	6
General Supplies	8,000	(912)	7,088	4,839	2,249
Total Multiple Disabilities	663,602	22,488	686,090	683,556	2,534
Resource Room/Resource Center					
Salaries of Teachers	3,833,715	-	3,833,715	3,818,845	14,870
Other Salaries for Instruction	813,636	(25,720)	787,916	653,616	134,300
General Supplies	17,750	(1,647)	16,103	6,274	9,829
Total Resource Room	4,665,101	(27,367)	4,637,734	4,478,735	158,999
Autism					
Salaries of Teachers	284,300	100,000	384,300	350,481	33,819
Other Salaries for Instruction	909,525	(101,749)	807,776	734,204	73,572
Purchased Professional-Educational Services		41,750	41,750	41,750	-
General Supplies	7,900	3	7,903	7,775	128
Other Objects	2,500	-	2,500	-	2,500
Total Autism	1,204,225	40,004	1,244,229	1,134,210	110,019
Preschool Disabilities - Part - Time					
Salaries of Teachers	30,120	30,000	60,120	46,025	14,095
Other Salaries for Instruction	296,230	(30,000)	266,230	232,556	33,674
General Supplies	6,800	-	6,800	5,442	1,358
Total Preschool Disabilities - Part - Time	333,150	-	333,150	284,023	49,127
Preschool Disabilities - Full - Time					
Salaries of Teachers	371,550	-	371,550	308,958	62,592
Total Preschool Disabilities - Full - Time	371,550	-	371,550	308,958	62,592
Home Instruction					
Salaries of Teachers	50,000	-	50,000	49,987	13
Purchased Professional-Educational Services	18,000	-	18,000	6,179	11,821
Total Home Instruction	68,000	-	68,000	56,166	11,834
Total Special Education	8,383,881	36,946	8,420,827	7,902,261	518,566
Basic Skills/Remedial					
Salaries of Teachers	310,300	63,250	373,550	373,510	40
Total Basic Skills/Remedial	310,300	63,250	373,550	373,510	40
Bilingual Education					
Salaries of Teachers	741,100	(13,700)	727,400	694,451	32,949
Other Salaries for Instruction	25,749	19,450	45,199	45,198	1
Purchased Professional-Educational Services	3,000	2,000	5,000	4,033	967
General Supplies	3,225	-	3,225	1,450	1,775
Total Bilingual Education	773,074	7,750	780,824	745,132	35,692

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE:					
School Sponsored Co-Curricular Activities					
Salaries	\$ 275,000	\$ (100,000)	\$ 175,000	\$ 169,247	\$ 5,753
Supplies and Materials	40,178		40,178	5,154	35,024
Other Objects	4,600	-	4,600	3,947	653
Total School Sponsored Co-Curricular Activities	<u>319,778</u>	<u>(100,000)</u>	<u>219,778</u>	<u>178,348</u>	<u>41,430</u>
School Sponsored Athletics - Instruction					
Salaries	625,400	25,469	650,869	650,357	512
Purchased Services	93,600	20,571	114,171	113,360	811
Supplies and Materials	81,500	(13,642)	67,858	59,888	7,970
Other Objects	43,250	(24,297)	18,953	18,953	-
Total School Sponsored Athletics - Instruction	<u>843,750</u>	<u>8,101</u>	<u>851,851</u>	<u>842,558</u>	<u>9,293</u>
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Reading Specialists	699,200	1,400	700,600	700,553	47
General Supplies	3,300	(1,400)	1,900	-	1,900
Total Other Supplemental/At-Risk Programs - Instruction	<u>702,500</u>	<u>-</u>	<u>702,500</u>	<u>700,553</u>	<u>1,947</u>
Total - Instruction	<u>34,633,620</u>	<u>405,820</u>	<u>35,039,440</u>	<u>32,922,139</u>	<u>2,117,301</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	90,298	(4,532)	85,766	30,314	55,452
Tuition to Other LEAs Within the State - Special	95,744	246,500	342,244	297,393	44,851
Tuition to County Voc. School Dist.-Regular	777,762	120,000	897,762	838,790	58,972
Tuition to County Voc. School Dist.-Special	187,776	(88,000)	99,776	78,480	21,296
Tuition to CSSD & Reg. Day Schools	1,209,910	(36,550)	1,173,360	949,328	224,032
Tuition to Private Schools - Disabled W/ State	1,649,110	(81,014)	1,568,096	1,188,511	379,585
Total Undistributed Expenditures - Instruction (Tuition)	<u>4,010,600</u>	<u>156,404</u>	<u>4,167,004</u>	<u>3,382,816</u>	<u>784,188</u>
Attendance and Social Work Services					
Salaries	55,450	-	55,450	50,439	5,011
Total Attendance and Social Work Services	<u>55,450</u>	<u>-</u>	<u>55,450</u>	<u>50,439</u>	<u>5,011</u>
Health Services					
Salaries	853,380	10,500	863,880	863,853	27
Purchased Professional and Technical Services	160,000	211,318	371,318	300,293	71,025
Supplies and Materials	32,120	267,709	299,829	297,220	2,609
Other Objects	2,500	(2,000)	500	-	500
Total Health Services	<u>1,048,000</u>	<u>487,527</u>	<u>1,535,527</u>	<u>1,461,366</u>	<u>74,161</u>
Speech, OT, PT and Related Services					
Salaries	1,909,336	(165,000)	1,744,336	1,739,907	4,429
Purchased Professional - Educational Services	1,167,355	216,001	1,383,356	1,150,875	232,481
Supplies and Materials	6,550	6,193	12,743	12,332	411
Total Speech, OT, PT and Related Services	<u>3,083,241</u>	<u>57,194</u>	<u>3,140,435</u>	<u>2,903,114</u>	<u>237,321</u>
Other Supp. Serv. Students - Extra Services					
Purchased Professional - Educational Services	368,053	45,150	413,203	318,394	94,809
Total Other Supp. Serv. Students - Extra Services	<u>368,053</u>	<u>45,150</u>	<u>413,203</u>	<u>318,394</u>	<u>94,809</u>

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Other Support Services - Students - Guidance					
Salaries of Other Professional Staff	\$ 1,303,164		\$ 1,303,164	\$ 1,269,676	\$ 33,488
Salaries of Secretarial and Clerical Assistants	242,879	\$ 4,700	247,579	247,557	22
Other Purchased Professional and Technical Services	13,975	(6,600)	7,375	7,262	113
Supplies and Materials	8,050	7,496	15,546	14,135	1,411
Other Objects	3,525	(1,900)	1,625	1,520	105
Total Other Support Services - Students - Guidance	1,571,593	3,696	1,575,289	1,540,150	35,139
Other Support Services - Students - Child Study Teams					
Salaries of Other Professional Staff	1,584,880	(44,700)	1,540,180	1,441,542	98,638
Salaries of Secretarial and Clerical Assistants	175,400	-	175,400	172,380	3,020
Purchased Professional/Educational Services	495,000	25,500	520,500	504,167	16,333
Supplies and Materials	8,000	-	8,000	7,787	213
Total Other Support Services - Students - Child Study Teams	2,263,280	(19,200)	2,244,080	2,125,876	118,204
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisors of Instruction	708,295	(203,000)	505,295	471,317	33,978
Salaries of Other Professional Staff	4,500	-	4,500	4,500	-
Salaries of Secretarial and Clerical	139,850	-	139,850	134,805	5,045
Salaries of Facilitators, Math/Literacy Coaches and Masters	68,050	-	68,050	68,002	48
Unused Vacation Payments to Terminated/Retired Staff		12,250	12,250	12,221	29
Other Purchased Professional and Technical Services	52,700	702	53,402	39,480	13,922
Other Purchased Services	750	-	750	750	-
Supplies and Materials	3,190	-	3,190	1,414	1,776
Other Objects	4,566	(126)	4,440	2,155	2,285
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	981,901	(190,174)	791,727	733,894	57,833
Educational Media Services/School Library					
Salaries	730,885	-	730,885	697,719	33,166
Supplies and Materials	105,307	(5,742)	99,565	91,926	7,639
Total Educational Media Services/School Library	836,192	(5,742)	830,450	789,645	40,805
Instructional Staff Training Services					
Salaries of Other Professional Staff	20,000	-	20,000	1,540	18,460
Purchased Professional- Educational Services	52,000	2,500	54,500	52,999	1,501
Other Purchased Services	59,300	(19,404)	39,896	8,090	31,806
Supplies and Materials	12,500	-	12,500	7,493	5,007
Total Instructional Staff Training Services	143,800	(16,904)	126,896	70,122	56,774
Support Services General Administration					
Salaries	432,638	(146,000)	286,638	244,454	42,184
Legal Services	103,000	30,000	133,000	82,075	50,925
Audit Fees	45,000	(2,500)	42,500	41,164	1,336
Architectural/Engineering Services	40,000	14,620	54,620	33,568	21,052
Other Purchased Professional Services	32,100	20,000	52,100	45,704	6,396
Communications/Telephone	177,052	31,719	208,771	177,832	30,939
Travel - All Other		3,000	3,000		3,000
BOE Other Purchased Services	10,500	(9,900)	600		600
Miscellaneous Purchased Services	171,000	(12,940)	158,060	153,061	4,999
General Supplies	22,900	-	22,900	5,202	17,698
Judgements Against the School District	25,000	(24,061)	939		939
Miscellaneous Expenditures	11,400	2,000	13,400	12,402	998
BOE Membership Dues and Fees	41,590	(2,000)	39,590	30,783	8,807
Total Support Services General Administration	1,112,180	(96,062)	1,016,118	826,245	189,873
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,922,755	75,900	1,998,655	1,872,642	126,013
Salaries of Other Professional Staff	958,200	80,000	1,038,200	1,016,189	22,011
Salaries of Secretarial and Clerical Assistants	950,738	(54,214)	896,524	896,524	-
Unused Vacation Payments to Terminated/Retired Staff	10,000	40,386	50,386	50,386	-
Other Purchased Services	11,500	(9,114)	2,386	2,386	-
Supplies and Materials	38,605	(8,368)	30,237	18,491	11,746
Total Support Services School Administration	3,891,798	124,590	4,016,388	3,856,618	159,770

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Undistributed Expenditures - Central Services					
Salaries	\$ 1,130,706	\$ 9,149	\$ 1,139,855	\$ 1,139,855	
Unused Vacation Payments to Terminated/Retired Staff		57,376	57,376	34,280	\$ 23,096
Purchased Professional Services	7,500	-	7,500	5,625	1,875
Purchased Technical Services	41,100	34,000	75,100	65,446	9,654
Misc. Purchased Services	34,810	(23,783)	11,027	8,288	2,739
Supplies and Materials	21,700	-	21,700	5,910	15,790
Miscellaneous Expenditures	6,300	(5,191)	1,109	1,109	-
Total Undistributed Expenditures - Central Services	1,242,116	71,551	1,313,667	1,260,513	53,154
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	614,230	(5,199)	609,031	563,172	45,859
Purchased Professional Services	9,000	6,051	15,051	9,231	5,820
Purchased Technical Services	69,000	-	69,000	66,978	2,022
Total Undistributed Expenditures - Admin. Info. Tech.	692,230	852	693,082	639,381	53,701
Required Maintenance For School Facilities					
Salaries	738,044	-	738,044	519,222	218,822
Cleaning, Repair, and Maintenance Services	932,875	4,767	937,642	765,239	172,403
General Supplies	334,750	172,163	506,913	375,111	131,802
Total Required Maintenance For School Facilities	2,005,669	176,930	2,182,599	1,659,572	523,027
Custodial Services					
Salaries	3,064,682	(110,500)	2,954,182	2,949,151	5,031
Salaries of Non-Instructional Aides	322,132	(20,500)	301,632	235,751	65,881
Unused Vacation Payments to Terminated/Retired Staff	100,000	(42,297)	57,703	7,589	50,114
Purchased Professional and Technical Services	318,640	(684)	317,956	312,443	5,513
Cleaning, Repair, and Maintenance Services	563,956	(96,933)	467,023	281,589	185,434
Other Purchased Property Services	130,000	-	130,000	82,537	47,463
Insurance	299,916	17,186	317,102	317,102	-
Miscellaneous Purchased Services	2,000	-	2,000	1,018	982
General Supplies	211,000	106,093	317,093	158,235	158,858
Energy (Natural Gas)	769,000	(198,130)	570,870	340,615	230,255
Energy (Electricity)	1,162,000	(75,000)	1,087,000	864,655	222,345
Energy (Gasoline)	50,000	(9,372)	40,628	16,805	23,823
Other Objects	1,500	800	2,300	450	1,850
Total Custodial Services	6,994,826	(429,337)	6,565,489	5,567,940	997,549
Care & Upkeep of Grounds					
Salaries	267,500	4,400	271,900	271,860	40
Cleaning, Repair, and Maintenance Services	24,000	(526)	23,474	12,277	11,197
General Supplies	58,000	(7,249)	50,751	44,427	6,324
Total Care & Upkeep of Grounds	349,500	(3,375)	346,125	328,564	17,561
Security					
Salaries	574,124	40	574,164	574,155	9
Purchased Professional and Technical Services	45,000	49,960	94,960	77,375	17,585
General Supplies	347,330	159	347,489	80,307	267,182
Other Objects	300	-	300	-	300
Total Security	966,754	50,159	1,016,913	731,837	285,076

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation					
(Non-Instructional Aides)	\$ 75,164		\$ 75,164	\$ 37,203	\$ 37,961
(Between Home and School) - Regular	527,980		527,980	406,148	121,832
(Between Home and School) - Spec Ed	203,900		203,900	97,914	105,986
(Other than Between Home and School)	90,000		90,000	34,361	55,639
Management Fee - ESC & CTSA Trans Program	48,175		48,175	30,834	17,341
Other Purchased Professional and Technical Services	32,280	\$ (815)	31,465	22,056	9,409
Cleaning, Repair and Maintenance Services	48,690	-	48,690	10,074	38,616
Lease Purchase Payments - School Buses	-	-	-	-	-
Contracted Services - Aid in Lieu of Payments	235,750	5,334	241,084	182,160	58,924
Contracted Services (Between Home and School) - Vendors	953,887	(105,365)	848,522	759,699	88,823
Contracted Services (Other Than Between Home and School) - Vendors	55,000	(53,820)	1,180	365	815
Contracted Services (Between Home and School) - Joint Agreements	15,000	(15,000)	-	-	-
Contracted Services (Special Ed Students)-Vendors	549,568	170,000	719,568	697,829	21,739
Contracted Services (Regular Ed Students)-ESCs & CTSA	95,469	(1)	95,468	93,874	1,594
Contracted Services (Special Ed Students)-ESCs & CTSA	1,251,346	-	1,251,346	1,190,544	60,802
Miscellaneous Purchased Services - Transportation	13,500	-	13,500	2,597	10,903
General Supplies	2,500	5,000	7,500	6,074	1,426
Transportation Supplies	135,000	-	135,000	57,927	77,073
Other Objects	1,950	-	1,950	275	1,675
Total Student Transportation Services	4,335,159	5,333	4,340,492	3,629,934	710,558
Unallocated Benefits					
Social Security Contributions	1,341,000	(21,892)	1,319,108	1,072,789	246,319
Other Retirement Contributions - PERS	1,249,360	-	1,249,360	1,154,878	94,482
Other Retirement Contributions - Regular	186,864	-	186,864	124,976	61,888
Workmen's Compensation	726,219	-	726,219	653,722	72,497
Health Benefits	11,775,054	(760,558)	11,014,496	9,713,074	1,301,422
Tuition Reimbursement	81,000	-	81,000	54,788	26,212
Other Employee Benefits	445,103	(100,000)	345,103	319,464	25,639
Unused Sick Payment to Terminated/Retired Staff	-	100,000	100,000	71,141	28,859
Total Employee Benefits	15,804,600	(782,450)	15,022,150	13,164,832	1,857,318
On Behalf TPAF Pension System Contribution- (Non Budgeted)				8,990,575	(8,990,575)
On Behalf TPAF Pension System Contribution Post Retirement Medical Contribution(Non Budgeted)				2,817,506	(2,817,506)
On Behalf TPAF Pension System Contribution Long Term Disability Insurance(Non Budgeted)				4,239	(4,239)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	2,481,920	(2,481,920)
Total	-	-	-	14,294,240	(14,294,240)
Total Undistributed Expenditures	51,756,942	(363,858)	51,393,084	59,335,492	(7,942,408)
Total Expenditures - Current Expense	86,390,562	41,962	86,432,524	92,257,631	(5,825,107)

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 1-5		\$ 24,744	\$ 24,744		\$ 24,744
Grades 9-12	\$ 9,500	2,125	11,625	\$ 6,719	4,906
Undistributed Expenditures					
Instruction	260,000	192,816	452,816	425,930	26,886
Non-Instructional		91,524	91,524	80,876	10,648
Support Services - Instructional Staff		-			-
Central Services	35,000	1,250	36,250	36,250	-
Admin. Info. Tech.		12,723	12,723	12,723	-
Required Maint for School Facilities	143,975	145,676	289,651	137,742	151,909
Care and Upkeep of Grounds		4,000	4,000	3,904	96
Security		210,495	210,495		210,495
Student Transportation - Non-Instructional		-			-
School Buses - Special	-	-	-	-	-
Total Equipment	448,475	685,353	1,133,828	704,144	429,684
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	20,000	649,499	669,499	113,613	555,886
Construction Services		3,111,479	3,111,479	1,815,610	1,295,869
Assessment for Debt Service on SDA Funding	51,813	-	51,813	51,813	-
Total Facilities Acquis. and Const. Services	71,813	3,760,978	3,832,791	1,981,036	1,851,755
Interest Deposit to Capital Reserve					
	30,000	-	30,000	-	30,000
Total Capital Outlay	550,288	4,446,331	4,996,619	2,685,180	2,311,439
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	25,000	-	25,000	8,010	16,990
Other Purchased Services	15,000	-	15,000	1,925	13,075
General Supplies	5,500	5,000	10,500	1,399	9,101
Total Summer School - Instruction	45,500	5,000	50,500	11,334	39,166
Summer School - Support Services					
Salaries	15,000	-	15,000	7,320	7,680
Total Summer School - Support Services	15,000	-	15,000	7,320	7,680
Total Summer School	60,500	5,000	65,500	18,654	46,846
Adult Education -Local - Instruction					
Other Purchased Services	106,000	-	106,000	21,652	84,348
General Supplies	33,000	-	33,000	12,359	20,641
Other Objects	-	-	-	-	-
Total Adult Education -Local - Instruction	139,000	-	139,000	34,011	104,989
Adult Education In-Local - Support Services					
Salaries	82,650	-	82,650	65,182	17,468
Other Purchased Services	118,500	-	118,500	6,732	111,768
Supplies and Materials	3,500	-	3,500	-	3,500
Total Adult Education-In-Local - Support Services	204,650	-	204,650	71,914	132,736
Total Adult Education	343,650	-	343,650	105,925	237,725
Total Special Schools	404,150	5,000	409,150	124,579	284,571
Transfer of Funds to Charter Schools					
	-	1,582	1,582	1,582	-
Total Expenditures	87,345,000	4,494,875	91,839,875	95,068,972	(3,229,097)

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (600,000)	\$ (4,589,820)	\$ (5,189,820)	\$ 7,062,241	\$ 12,252,061
Other Financing Sources/Uses					
Capital Reserve Transfer to Capital Projects	(3,000,000)	3,000,000			-
Capital Reserve Transfer to Debt Service	(600,000)	-	(600,000)	(600,000)	-
Total Other Financing Sources	(3,600,000)	3,000,000	(600,000)	(600,000)	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Sources	(4,200,000)	(1,589,820)	(5,789,820)	6,462,241	12,252,061
Fund Balances, Beginning of Year, Restated	30,892,629	-	30,892,629	30,892,629	-
Fund Balances, End of Year	\$ 26,692,629	\$ (1,589,820)	\$ 25,102,809	\$ 37,354,870	\$ 12,252,061
Reconciliation of Governmental Fund Statements (GAAP):					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 600,000	
Excess Surplus				600,000	
Capital Reserve				20,088,299	
Capital Reserve - Designated for Subsequent Year's Expenditures				5,600,000	
Maintenance Reserve				3,434,953	
Emergency Reserve				855,750	
Unemployment Compensation				266,591	
Committed Fund Balance					
Year End Encumbrances				759,315	
Assigned Fund Balance					
Year End Encumbrances				1,085,895	
FFCRA/SEMI - Designated for Subsequent Year's Expenditures				1,805	
Unassigned Fund Balance				4,062,262	
Total				37,354,870	
Reconciliation to Government Fund Statements(GAAP)					
Less: State Aid Payments not Recognized on GAAP Basis				(995,797)	
Fund Balance per Governmental Funds(GAAP)				\$ 36,359,073	

PARAMUS BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Intergovernmental					
State	\$ 2,861,000	\$ 754,498	\$ 3,615,498	\$ 2,825,128	\$ (790,370)
Federal	1,562,000	2,445,934	4,007,934	2,649,168	(1,358,766)
Local Sources					
Miscellaneous	45,000	224,058	269,058	229,198	(39,860)
Total Revenues	4,468,000	3,424,490	7,892,490	5,703,494	(2,188,996)
EXPENDITURES					
Instruction					
Salaries of Teachers	187,187	609,538	796,725	239,355	557,370
Purchased Prof. and Technical Services	506,000	114,527	620,527	568,696	51,831
Other Purchased Services	700,000	50,450	750,450	750,050	400
General Supplies	687,000	145,804	832,804	656,159	176,645
Co-Curricular - Student Activities		251,459	251,459	251,459	-
Textbooks	162,000	81,781	243,781	222,817	20,964
Total Instruction	2,242,187	1,253,559	3,495,746	2,688,536	807,210
Support Services					
Salaries of Teachers	21,000	1,070	22,070	21,090	980
Personal Services-Employee Benefits	54,613	34,826	89,439	66,184	23,255
Purchased Professional and Technical Services	2,142,000	1,649,264	3,791,264	2,755,448	1,035,816
Other Purchased Services		105,520	105,520	-	105,520
General Supplies		309,322	309,322	154,999	154,323
Other Objects	8,200	-	8,200	8,200	-
Total Support Services	2,225,813	2,100,002	4,325,815	3,005,921	1,319,894
Facilities Acquisition and Construction					
Instructional Equipment	-	70,929	70,929	43,425	27,504
Total Facilities Acq. & Construction	-	70,929	70,929	43,425	27,504
Total Expenditures	4,468,000	3,424,490	7,892,490	5,737,882	2,154,608
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	(34,388)	(34,388)
Fund Balances, Beginning of Year, Restated	-	-	-	386,479	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ 352,091	\$ (34,388)

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**PARAMUS BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

The following presents a reconciliation of the General and Special Revenue Fund 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 (Exhibits C-1 and C-2)	\$ 102,131,213	\$ 5,703,494
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2021 Encumbrances		(229,982)
June 30, 2020 Encumbrances, Net		213,318
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2019-2020)	809,037	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2020-2021)	<u>(995,797)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 101,944,453</u>	<u>\$ 5,686,830</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 95,068,972	\$ 5,737,882
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2021 Encumbrances		(229,982)
June 30, 2020 Encumbrances, Net	<u>-</u>	<u>213,318</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 95,068,972</u>	<u>\$ 5,721,218</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION AND OTHER-POST EMPLOYMENT BENEFITS INFORMATION

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.10401%	0.10362%	0.10536%	0.11067%	0.10572%	0.11196%	0.12424%	0.11994%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 16,961,461</u>	<u>\$ 18,669,856</u>	<u>\$ 20,743,897</u>	<u>\$ 25,761,293</u>	<u>\$ 31,309,752</u>	<u>\$ 25,132,522</u>	<u>\$ 23,261,089</u>	<u>\$ 22,921,968</u>
District's Covered Payroll	<u>\$ 7,246,038</u>	<u>\$ 7,366,080</u>	<u>\$ 7,275,488</u>	<u>\$ 7,327,343</u>	<u>\$ 7,497,718</u>	<u>\$ 7,318,066</u>	<u>\$ 7,692,702</u>	<u>\$ 8,238,802</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	234%	253%	285%	352%	418%	343%	302%	278%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.92%	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.

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,137,827	\$ 1,007,873	\$ 1,047,943	\$ 1,025,203	\$ 939,157	\$ 962,546	\$ 1,024,215	\$ 903,686
Contributions in Relation to the Contractually Required Contributions	<u>1,137,827</u>	<u>1,007,873</u>	<u>1,047,943</u>	<u>1,025,203</u>	<u>939,157</u>	<u>962,546</u>	<u>1,024,215</u>	<u>903,686</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 6,820,467</u>	<u>\$ 7,246,038</u>	<u>\$ 7,366,080</u>	<u>\$ 7,275,488</u>	<u>\$ 7,327,343</u>	<u>\$ 7,497,712</u>	<u>\$ 7,318,066</u>	<u>\$ 7,692,702</u>
Contributions as a Percentage of Covered Payroll	16.68%	13.91%	14.23%	14.09%	12.82%	12.84%	14.00%	11.75%

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.

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>201,849,480</u>	<u>185,885,867</u>	<u>187,876,418</u>	<u>197,068,702</u>	<u>233,807,483</u>	<u>183,628,826</u>	<u>158,957,607</u>	<u>146,804,041</u>
Total	<u>\$ 201,849,480</u>	<u>\$ 185,885,867</u>	<u>\$ 187,876,418</u>	<u>\$ 197,068,702</u>	<u>\$ 233,807,483</u>	<u>\$ 183,628,826</u>	<u>\$ 158,957,607</u>	<u>\$ 146,804,041</u>
District's Covered Payroll	<u>\$ 33,279,960</u>	<u>\$ 33,094,769</u>	<u>\$ 32,768,289</u>	<u>\$ 31,539,543</u>	<u>\$ 30,515,234</u>	<u>\$ 29,997,401</u>	<u>\$ 29,582,096</u>	<u>\$ 28,604,775</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%	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.

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

Change of Benefit Terms: None.

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

**PARAMUS 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	\$ 5,140,153	\$ 4,999,101	\$ 5,565,352	\$ 6,694,348
Interest on the Total OPEB Liability	4,422,963	5,401,789	5,743,009	4,966,771
Differences Between Expected and Actual Experience	32,888,666	(22,078,785)	(12,339,339)	
Changes of Assumptions	36,204,104	1,832,282	(15,651,995)	(20,688,988)
Gross Benefit Payments	(3,450,477)	(3,772,319)	(3,647,151)	(3,521,424)
Contribution from the Member	<u>104,584</u>	<u>111,822</u>	<u>126,051</u>	<u>129,668</u>
Net Change in Total OPEB Liability	75,309,993	(13,506,110)	(20,204,073)	(12,419,625)
Total OPEB Liability - Beginning	<u>122,888,773</u>	<u>136,394,883</u>	<u>156,598,956</u>	<u>169,018,581</u>
Total OPEB Liability - Ending	<u>\$ 198,198,766</u>	<u>\$ 122,888,773</u>	<u>\$ 136,394,883</u>	<u>\$ 156,598,956</u>
District's Proportionate Share	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share	<u>198,198,766</u>	<u>122,888,773</u>	<u>136,394,883</u>	<u>156,598,956</u>
Total OPEB Liability - Ending	<u>\$ 198,198,766</u>	<u>\$ 122,888,773</u>	<u>\$ 136,394,883</u>	<u>\$ 156,598,956</u>
Covered Payroll	<u>\$ 40,525,998</u>	<u>\$ 40,460,849</u>	<u>\$ 40,043,777</u>	<u>\$ 38,866,886</u>
District's Proportionate Share of the OPEB Liability as a Percentage of Covered Payroll:	0.00%	0.00%	0.00%	0.00%

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

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

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

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

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing Services</u>	<u>Nonpublic Security</u>	<u>Nonpublic Compensatory Education</u>	<u>Nonpublic ESL</u>	<u>Nonpublic Suppl. Inst.</u>	<u>Nonpublic Exam. and Class.</u>	<u>Nonpublic Home Instruction</u>	<u>Nonpublic Corrective Speech</u>	<u>Student Activities</u>	<u>Other Local Grants</u>	<u>Total Exhibit E-1A</u>	<u>Total 2021</u>
REVENUES													
Intergovernmental													
State	\$ 222,817	\$ 415,682	\$ 710,244	\$ 326,336	\$ 16,519	\$ 375,689	\$ 472,080	\$ 4,412	\$ 281,349			\$ 2,649,168	\$ 2,825,128
Federal													2,649,168
Other	-	-	-	-	-	-	-	-	-	\$ 217,071	\$ 12,127	-	229,198
Total Revenues	\$ 222,817	\$ 415,682	\$ 710,244	\$ 326,336	\$ 16,519	\$ 375,689	\$ 472,080	\$ 4,412	\$ 281,349	\$ 217,071	\$ 12,127	\$ 2,649,168	\$ 5,703,494
EXPENDITURES													
Instruction													
Salaries of Teachers												\$ 239,355	\$ 239,355
Purchased Prof. and Tech. Services												568,696	568,696
Tuition												-	-
Other Purchased Services											\$ 50	750,000	750,050
General Supplies											7,630	648,529	656,159
Co-Curricular - Student Activities										\$ 251,459			251,459
Textbooks	\$ 222,817	-	-	-	-	-	-	-	-	-	-	-	222,817
Total Instruction	222,817	-	-	-	-	-	-	-	-	251,459	7,680	2,206,580	2,688,536
Support Services													
Salaries of Teachers												21,090	21,090
Personal Services Employee-Benefits												66,184	66,184
Purchased Prof. & Tech. Services		\$ 415,682	\$ 700,402	\$ 326,336	\$ 16,519	\$ 375,689	\$ 472,080	\$ 4,412	\$ 281,349			162,979	2,755,448
Other Purchased Services												-	-
General Supplies												154,999	154,999
Other Objects												8,200	8,200
Total Support Services	-	415,682	700,402	326,336	16,519	375,689	472,080	4,412	281,349	-	-	413,452	3,005,921
Facilities Acquisition & Construction													
Instructional Equipment			9,842								4,447	29,136	43,425
Total Facilities Acquisition & Construction	-	-	9,842	-	-	-	-	-	-	-	4,447	29,136	43,425
Total Expenditures	\$ 222,817	\$ 415,682	\$ 710,244	\$ 326,336	\$ 16,519	\$ 375,689	\$ 472,080	\$ 4,412	\$ 281,349	\$ 251,459	\$ 12,127	\$ 2,649,168	\$ 5,737,882
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	-	-	-	-	-	(34,388)	-	-	(34,388)
Fund Balance, Beginning of Year, Restated	-	-	-	-	-	-	-	-	-	386,479	-	-	386,479
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,091	\$ -	\$ -	\$ 352,091

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

REVENUES	ESEA					IDEA Basic	IDEA Preschool	CARES Emergency Relief Grant	Digital Divide	CRF NonPublic Technology	Bergen County CARES	Coronavirus Relief Grant	Total Exhibit E-1A
	Title I	Title II Part - A	Title III	Title III Immigrant	Title IV								
Intergovernmental Federal	\$ 303,432	\$ 53,335	\$ 24,818	\$ 296	\$ 11,367	\$ 1,473,689	\$ 37,723	\$ 362,574	\$ 23,792	\$ 161,499	\$ 71,332	\$ 125,311	\$ 2,649,168
Total Revenues	\$ 303,432	\$ 53,335	\$ 24,818	\$ 296	\$ 11,367	\$ 1,473,689	\$ 37,723	\$ 362,574	\$ 23,792	\$ 161,499	\$ 71,332	\$ 125,311	\$ 2,649,168
EXPENDITURES													
Instruction													
Salaries of Teachers	\$ 227,038	\$ 2,500			\$ 9,817								\$ 239,355
Purchased Prof. & Tech. Services						\$ 568,696							568,696
Other Purchased Services						750,000							750,000
Tuition													-
General Supplies	2,010	-	\$ 3,728	\$ 17	1,550	54,993	\$ 1,020	\$ 203,277	\$ 23,792	\$ 161,499	\$ 71,332	\$ 125,311	648,529
Total Instruction	229,048	2,500	3,728	17	11,367	1,373,689	1,020	203,277	23,792	161,499	71,332	125,311	2,206,580
Support Services													
Salaries of Teachers			21,090										21,090
Personal Services-Employee Benefits	66,184												66,184
General Supplies							36,703	118,296					154,999
Purchased Prof. & Tech. Services		50,835		279		100,000		11,865					162,979
Other Purchased Services													-
Other Objects	8,200	-	-	-	-	-	-	-	-	-	-	-	8,200
Total Support Services	74,384	50,835	21,090	279	-	100,000	36,703	130,161	-	-	-	-	413,452
Facilities Acquisition & Construction													
Buildings								-	-	-	-	-	-
Instructional Equipment								29,136	-	-	-	-	29,136
Total Facilities Acquisition & Construction								29,136	-	-	-	-	29,136
Total Expenditures	\$ 303,432	\$ 53,335	\$ 24,818	\$ 296	\$ 11,367	\$ 1,473,689	\$ 37,723	\$ 362,574	\$ 23,792	\$ 161,499	\$ 71,332	\$ 125,311	\$ 2,649,168
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year, Restated	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**PARAMUS BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS**

NOT APPLICABLE

**PARAMUS BOARD OF EDUCATION
SPECIAL REVENUE
SCHEDULE OF RECEIPTS AND DISBURSEMENTS -STUDENT ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Balance, July 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2021</u>
ELEMENTARY & MIDDLE SCHOOL				
Eastbrook	\$ 45,968	\$ 4,820	\$ 7,978	\$ 42,810
Westbrook	24,466	6,748	8,769	22,445
Elementary	33,288	4,507	2,359	35,436
HIGH SCHOOLS				
High School Activity	286,517	147,766	182,976	251,307
High School Athletic	<u>(3,760)</u>	<u>53,230</u>	<u>49,377</u>	<u>93</u>
 Total	 <u>\$ 386,479</u>	 <u>\$ 217,071</u>	 <u>\$ 251,459</u>	 <u>\$ 352,091</u>

CAPITAL PROJECTS FUND

NOT APPLICABLE

ENTERPRISE FUNDS

NOT APPLICABLE

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

PARAMUS BOARD OF EDUCATION
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
Refunding Bonds	2/14/2012	\$ 16,460,000	4/1/2022	\$ 1,130,000	5.00%	\$ 10,015,000		\$ 8,885,000	\$ 1,130,000
Refunding Bonds	11/5/2020	8,335,000	4/1/2022	140,000	1.000%				
			4/1/2023	1,275,000	1.000%				
			4/1/2024	1,235,000	1.125%				
			4/1/2025	1,195,000	1.250%				
			4/1/2026	1,155,000	1.375%				
			4/1/2027	1,120,000	1.500%				
			4/1/2028	1,080,000	1.750%				
			4/1/2029	1,040,000	1.875%				
						-	\$ 8,335,000	95,000	8,240,000
						\$ 10,015,000	\$ 8,335,000	\$ 8,980,000	\$ 9,370,000
							Refunded \$ 7,780,000		
							Paid by District 1,200,000		
								\$ 8,980,000	

**PARAMUS BOARD OF EDUCATION
SCHEDULE OF CAPITAL LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Not Applicable

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

	2021				
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 905,080	-	\$ 905,080	\$ 905,080	-
Total Revenues	905,080	-	905,080	905,080	-
EXPENDITURES					
Regular Debt Service					
Interest on Bonds	400,081	\$ (95,000)	305,081	302,560	\$ 2,521
Redemption of Principal	1,105,000	95,000	1,200,000	1,200,000	-
Bond Issuance Costs	-	-	-	119,980	(119,980)
Total Expenditures	1,505,081	-	1,505,081	1,622,540	(117,459)
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(600,001)	-	(600,001)	(717,460)	(117,459)
Other Financing Sources (Uses)					
Payment to Refunded Bond Escrow Agent				(8,197,863)	(8,197,863)
Refunding Bonds Issued				8,335,000	8,335,000
Discount on Issuance of Refunding Bonds				(17,157)	(17,157)
Operating Transfers In-Capital Reserve	600,000	-	600,000	600,000	-
Total Other Financing Sources	600,000	-	600,000	719,980	119,980
Excess (Deficiency) of Revenues Over/ (Under) Expenditures and Other Financing Sources	(1)	-	(1)	2,520	2,521
Fund Balance, Beginning of Year	1	-	1	1	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ 2,521	\$ 2,521
Recapitulation of Fund Balance:					
Restricted for Debt Service:					
Designated for Subsequent Year's Expenditures				\$ 2,521	

STATISTICAL SECTION

This part of the Paramus 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.

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

	2012	2013	2014	2015	2016	June 30 2017	2018	2019	2020	2021
			(Restated)						(Restated)	
Governmental activities										
Net Investment in Capital Assets	\$ 29,450,260	\$ 31,802,380	\$ 35,209,488	\$ 39,957,382	\$ 41,735,254	\$ 43,973,893	\$ 46,480,657	\$ 48,743,148	\$ 49,755,257	\$ 50,001,559
Restricted	7,447,327	9,371,004	12,674,591	14,660,403	17,097,317	19,585,301	19,871,637	20,848,890	26,261,714	29,744,455
Unrestricted	2,080,303	2,487,970	(20,932,272)	(20,314,957)	(20,324,594)	(21,758,843)	(21,857,653)	(21,252,867)	(20,833,101)	(16,815,753)
Total governmental activities net position	\$ 38,977,890	\$ 43,661,354	\$ 26,951,807	\$ 34,302,828	\$ 38,507,977	\$ 41,800,351	\$ 44,494,641	\$ 48,339,171	\$ 55,183,870	\$ 62,930,261
Business-type activities										
Net Investment in Capital Assets	\$ 160,104	\$ 167,670	\$ 164,909	\$ 172,989	\$ 170,386	\$ 168,991	\$ 169,056	\$ 163,885	\$ 185,463	\$ 169,289
Restricted										
Unrestricted	220,440	258,441	270,522	230,000	175,679	118,939	123,501	135,699	111,406	120,879
Total business-type activities net position	\$ 380,544	\$ 426,111	\$ 435,431	\$ 402,989	\$ 346,065	\$ 287,930	\$ 292,557	\$ 299,584	\$ 296,869	\$ 290,168
District-wide										
Net Investment in Capital Assets	29,610,364	31,970,050	\$ 35,374,397	\$ 40,130,371	\$ 41,905,640	\$ 44,142,884	\$ 46,649,713	\$ 48,907,033	\$ 49,940,720	\$ 50,170,848
Restricted	7,447,327	9,371,004	12,674,591	14,660,403	17,097,317	19,585,301	19,871,637	20,848,890	26,261,714	29,744,455
Unrestricted	2,300,743	2,746,411	(20,661,750)	(20,084,957)	(20,148,915)	(21,639,904)	(21,734,152)	(21,117,168)	(20,721,695)	(16,694,874)
Total district net position	\$ 39,358,434	\$ 44,087,465	\$ 27,387,238	\$ 34,705,817	\$ 38,854,042	\$ 42,088,281	\$ 44,787,198	\$ 48,638,755	\$ 55,480,739	\$ 63,220,429

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".

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

	June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 30,489,032	\$ 31,674,424	\$ 30,870,406	\$ 35,405,836	\$ 37,580,253	\$ 41,188,789	\$ 43,695,052	\$ 39,759,002	\$ 39,336,658	\$ 44,132,065
Special education	12,847,226	13,941,263	14,342,356	15,896,202	17,011,501	18,113,912	19,168,385	19,037,559	17,830,513	19,097,391
Other instruction	1,977,422	2,235,557	2,401,823	2,853,123	3,026,442	3,530,919	2,976,844	2,794,724	2,685,417	2,895,590
School Sponsored Activities and Athletics	1,571,726	1,671,482	1,769,801	1,991,962	2,175,830	2,392,640	2,518,879	2,318,185	2,189,465	2,543,446
Support Services:										
Student and instruction related services	9,469,204	10,236,801	10,488,907	12,091,605	12,918,305	14,318,550	15,254,439	15,576,419	15,399,675	16,805,183
School Administration services	4,858,674	4,835,004	4,977,054	5,947,989	6,073,147	6,696,125	6,706,583	6,238,192	6,039,070	6,776,335
General administration services	1,053,352	961,047	975,612	1,055,628	919,677	1,149,132	1,168,841	1,196,287	1,285,274	1,060,527
Plant operations and maintenance	10,646,753	10,819,771	10,992,476	11,066,092	11,631,973	12,263,703	12,058,625	12,150,036	10,591,090	10,732,116
Pupil transportation	3,272,653	3,193,615	3,203,080	3,250,926	3,426,661	3,546,666	3,716,755	4,127,509	3,666,992	4,063,281
Central services	2,081,627	2,058,385	1,893,852	2,071,816	2,195,762	2,427,720	2,778,712	2,627,995	2,507,800	2,812,672
Interest on long-term debt	979,384	852,919	721,476	765,720	599,248	563,082	524,055	479,631	434,095	272,742
Total governmental activities expenses	79,247,053	82,480,268	82,636,843	92,396,899	97,558,799	106,191,238	110,567,170	106,305,539	101,966,049	111,191,348
Business-type activities:										
Food service	1,043,141	1,028,038	1,090,992	1,247,618	1,317,291	1,333,494	1,236,660	1,261,418	896,609	365,742
Total business-type activities expense	1,043,141	1,028,038	1,090,992	1,247,618	1,317,291	1,333,494	1,236,660	1,261,418	896,609	365,742
Total district expenses	\$ 80,290,194	\$ 83,508,306	\$ 83,727,835	\$ 93,644,517	\$ 98,876,090	\$ 107,524,732	\$ 111,803,830	\$ 107,566,957	\$ 102,862,658	\$ 111,557,090
Program Revenues										
Governmental activities:										
Charges for services:										
Regular Instruction	\$ 338,171	\$ 362,514	\$ 529,896	\$ 516,473	\$ 355,685	\$ 251,265	\$ 440,494	\$ 464,978	\$ 530,613	\$ 220,274
Special education	324,305	344,032	336,063	818,739	673,683	747,278	1,075,711	712,656	526,778	666,374
Transportation	-	19,135	-	-	-	-	-	-	-	-
School Sponsored Activities and Athletics	-	-	-	-	-	-	-	-	-	217,071
Operating grants and contributions	9,990,465	11,991,443	11,755,186	19,985,595	22,884,855	29,558,192	32,730,075	27,572,398	25,106,044	34,090,678
Capital grants and contributions	408,915	408,915	601,080	286,180	4,080	-	-	-	-	-
Total governmental activities program revenues	10,652,941	13,126,039	13,222,225	21,606,987	23,918,303	30,556,735	34,246,280	28,750,032	26,163,435	35,194,397
Business-type activities:										
Food service										
Charges for services	\$ 919,503	\$ 933,070	\$ 958,036	\$ 1,069,902	\$ 1,101,865	\$ 1,123,628	\$ 1,088,699	\$ 1,105,686	\$ 778,094	\$ 7,164
Operating grants and contributions	151,234	139,002	140,492	145,014	158,502	151,731	152,588	162,759	115,800	351,877
Total business type activities program revenues	1,070,737	1,072,072	1,098,528	1,214,916	1,260,367	1,275,359	1,241,287	1,268,445	893,894	359,041
Total district program revenues	\$ 11,723,678	\$ 14,198,111	\$ 14,320,753	\$ 22,821,903	\$ 25,178,670	\$ 31,832,094	\$ 35,487,567	\$ 30,018,477	\$ 27,057,329	\$ 35,553,438
Net (Expense)/Revenue										
Governmental activities	\$ (68,594,112)	\$ (69,354,229)	\$ (69,414,618)	\$ (70,789,912)	\$ (73,640,496)	\$ (75,634,503)	\$ (76,320,890)	\$ (77,555,507)	\$ (75,802,614)	\$ (75,996,951)
Business-type activities	27,596	44,034	7,536	(32,702)	(56,924)	(58,135)	4,627	7,027	(2,715)	(6,701)
Total district-wide net expense	\$ (68,566,516)	\$ (69,310,195)	\$ (69,407,082)	\$ (70,822,614)	\$ (73,697,420)	\$ (75,692,638)	\$ (76,316,263)	\$ (77,548,480)	\$ (75,805,329)	\$ (76,003,652)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes	\$ 68,651,094	\$ 69,958,474	\$ 71,357,641	\$ 72,774,791	\$ 74,230,284	\$ 75,704,884	\$ 77,040,097	\$ 78,406,873	\$ 79,975,010	\$ 81,574,510
Property taxes levied for debt service	2,608,906	2,124,307	2,269,316	2,240,359	1,664,672	1,186,267	950,492	987,682	934,081	905,080
Unrestricted grants and contributions	123,479	-	71,146	71,146	77,127	110,143	114,530	8,094	-	-
Restricted state aid	-	-	-	-	-	-	-	-	-	-
Debt service Type II aid	397,827	394,963	248,324	238,735	234,467	248,000	-	-	-	-
Investment earnings	29,900	72,212	75,013	56,015	62,181	-	-	-	-	-
Miscellaneous income	1,337,201	1,487,737	1,676,745	2,759,887	1,576,914	1,677,583	910,061	1,997,388	1,085,152	1,263,752
Other items	-	-	-	-	-	-	-	-	-	-
Total governmental activities	73,148,407	74,037,693	75,627,039	78,140,933	77,845,645	78,926,877	79,015,180	81,400,037	81,994,243	83,743,342
Business-type activities:										
Investment earnings	-	1,533	1,784	260	-	-	-	-	-	-
Total business-type activities	-	1,533	1,784	260	-	-	-	-	-	-
Total district-wide	\$ 73,148,407	\$ 74,039,226	\$ 75,628,823	\$ 78,141,193	\$ 77,845,645	\$ 78,926,877	\$ 79,015,180	\$ 81,400,037	\$ 81,994,243	\$ 83,743,342
Change in Net Assets										
Governmental activities	\$ 4,554,295	\$ 4,683,464	\$ 6,212,421	\$ 7,351,021	\$ 4,205,149	\$ 3,292,374	\$ 2,694,290	\$ 3,844,530	\$ 6,191,629	\$ 7,746,391
Business-type activities	27,596	45,567	9,320	(32,442)	(56,924)	(58,135)	4,627	7,027	(2,715)	(6,701)
Total district	\$ 4,581,891	\$ 4,729,031	\$ 6,221,741	\$ 7,318,579	\$ 4,148,225	\$ 3,234,239	\$ 2,698,917	\$ 3,851,557	\$ 6,188,914	\$ 7,739,690

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

	June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021
General Fund										
Reserved										
Unreserved										
Restricted	\$ 8,437,790	\$ 10,342,765	\$ 11,362,486	\$ 15,658,856	\$ 18,866,176	\$ 20,985,876	\$ 21,853,343	\$ 22,904,640	\$ 27,930,985	\$ 31,445,593
Committed							536,676	296,927	283,889	759,315
Assigned	205,305	752,553	764,796	423,089	450,098	681,114	404,826	773,862	437,611	1,087,700
Unassigned	1,350,633	1,352,937	1,411,670	1,375,542	1,449,856	1,462,799	1,529,274	1,521,456	1,431,107	3,066,465
Total general fund	<u>\$ 9,993,728</u>	<u>\$ 12,448,255</u>	<u>\$ 13,538,952</u>	<u>\$ 17,457,487</u>	<u>\$ 20,766,130</u>	<u>\$ 23,129,789</u>	<u>\$ 24,324,119</u>	<u>\$ 25,496,885</u>	<u>\$ 30,083,592</u>	<u>\$ 36,359,073</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	\$ 319,537	\$ 338,239	\$ 1,912,105	\$ 895,547	\$ 425,141	\$ 593,425	\$ 74,044	\$ 1	\$ 386,480	\$ 354,612
Total all other governmental funds	<u>\$ 319,537</u>	<u>\$ 338,239</u>	<u>\$ 1,912,105</u>	<u>\$ 895,547</u>	<u>\$ 425,141</u>	<u>\$ 593,425</u>	<u>\$ 74,044</u>	<u>\$ 1</u>	<u>\$ 386,480</u>	<u>\$ 354,612</u>

Note 1 - Net Position at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

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

	June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$ 71,260,000	\$ 72,082,781	\$ 73,626,957	\$ 75,015,150	\$ 75,894,956	\$ 76,891,151	\$ 77,990,589	\$ 79,394,555	\$ 80,909,091	\$ 82,479,590
Tuition charges	662,476	706,546	865,959	1,335,212	1,029,368	998,543	1,516,205	1,177,634	1,057,391	886,648
Transportation Fees from Other LEAs		19,135								
Interest earnings	29,900	72,212	75,013	56,015	62,181	41,027	79,800	186,324	52,553	28,250
Miscellaneous	1,409,877	1,564,184	1,727,512	2,850,999	1,644,345	1,739,805	954,272	1,901,382	1,077,079	1,492,200
State sources	8,276,469	10,868,673	10,831,079	11,569,634	12,367,663	13,498,297	15,059,320	17,087,294	18,553,309	21,032,772
Federal sources	2,162,626	1,850,201	1,722,744	1,938,222	1,932,853	2,035,034	1,848,564	2,070,297	1,904,159	2,616,903
Total revenue	83,801,348	87,163,732	88,849,264	92,765,232	92,931,366	95,203,857	97,448,750	101,817,486	103,553,582	108,536,363
Expenditures										
Instruction										
Regular Instruction	28,910,884	29,937,817	29,069,631	29,668,702	30,729,149	31,369,479	33,520,028	33,065,439	34,262,199	36,500,297
Special education instruction	12,847,226	13,955,301	14,372,065	14,812,182	15,625,057	15,728,815	16,712,908	17,950,710	17,362,610	17,726,427
Other instruction	1,998,943	2,235,557	2,401,823	2,603,483	2,710,245	2,979,333	2,552,759	2,572,177	2,558,782	2,627,921
School sponsored activities and athletics	1,576,358	1,671,482	1,769,801	1,695,789	1,804,093	1,792,302	1,915,177	2,007,825	1,996,581	2,185,900
Community services										
Support Services:										
Student and inst. related services	9,411,413	10,164,191	10,417,119	10,954,311	11,471,646	11,936,892	12,727,655	14,235,992	14,543,877	15,216,281
General administration	1,035,224	985,899	963,246	1,028,507	872,675	1,062,754	1,061,911	1,154,733	1,273,493	898,153
School administration services	4,788,494	4,833,814	4,945,173	5,284,232	5,320,345	5,435,025	5,469,498	5,628,909	5,759,463	6,050,912
Plant operations and maintenance	10,443,307	10,612,696	10,800,079	10,735,054	11,250,614	11,341,176	10,937,350	11,728,980	10,552,677	10,263,520
Pupil transportation	3,062,989	2,983,951	2,993,422	3,155,756	3,312,186	3,394,786	3,533,245	3,901,318	3,516,745	3,879,863
Central services	2,070,166	2,070,404	1,899,277	2,001,690	2,095,043	2,182,442	2,411,548	2,538,398	2,539,542	2,694,653
Capital outlay	1,737,207	2,615,869	3,931,168	2,591,737	3,284,295	3,871,428	4,399,240	4,346,601	3,333,416	2,746,263
Debt service:										
Principal	1,870,904	1,701,874	1,770,051	4,540,180	1,010,000	1,000,000	995,000	1,090,000	1,080,000	1,200,000
Advance Refunding Escrow	1,801,947									
Bond Issuance Costs	174,059									119,980
Interest and other charges	806,471	921,648	851,846	791,632	607,781	577,482	537,482	497,681	454,081	302,560
Total expenditures	82,535,592	84,690,503	86,184,701	89,863,255	90,093,129	92,671,914	96,773,801	100,718,763	99,233,466	102,412,730
Excess (Deficiency) of revenues over (under) expenditures	1,265,756	2,473,229	2,664,563	2,901,977	2,838,237	2,531,943	674,949	1,098,723	4,320,116	6,123,633
Other Financing sources (uses)										
Proceeds from borrowing										
Capital Leases										
Original issue premium	1,908,006									
Original issue discount										(17,157)
Refund of Escrow for Refunding Bonds										
Refunding bonds issued	16,460,000									8,335,000
Payment to refunded bond escrow agent	(16,392,000)									(8,197,863)
Transfers in	1,761,046	1,930,368	4,257,176	3,132,696	2,000,000	387,998	770,142	636,691	600,000	600,000
Transfers out	(1,761,046)	(1,930,368)	(4,257,176)	(3,132,696)	(2,000,000)	(387,998)	(770,142)	(636,691)	(600,000)	(600,000)
Total other financing sources (uses)	1,976,006	-	-	-	-	-	-	-	-	119,980
Net change in fund balances	\$ 3,241,762	\$ 2,473,229	\$ 2,664,563	\$ 2,901,977	\$ 2,838,237	\$ 2,531,943	\$ 674,949	\$ 1,098,723	\$ 4,320,116	\$ 6,243,613
Debt service as a percentage of noncapital expenditures	3.31%	3.20%	3.19%	6.11%	1.86%	1.78%	1.66%	1.65%	1.60%	1.63%

* Noncapital expenditures are total expenditures less capital outlay.

**PARAMUS BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS ENDED JUNE 30**

	<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>
Tuition	\$ 662,476	\$ 706,546	\$ 865,959	\$ 1,335,212	\$ 1,029,368	\$ 998,543	\$ 1,516,205	\$ 1,177,634	\$ 1,057,391	\$ 886,648
Transportation Fees		19,135								
Interest Income	27,774	69,701	72,837	54,231	62,181	85,057	145,580	351,225	347,598	77,202
Bldg. Rental	124,737	134,703	81,853	43,482	37,553	152,471	187,463	164,999	249,846	109,291
Borough of Paramus - Shared Services										497,818
Refunds Prior Year				1,637,975	1,428	11,242	13,443	45,410	16,273	53,150
Prior Year Outstanding Checks										
Miscellaneous	267,458	340,081	573,571	125,355	170,287	310,960	195,411	606,197	88,656	12,686
Special Schools Fees	838,837	1,012,705	1,021,321	953,075	1,031,179	1,117,853	368,164	307,729	382,779	513,605
Cancellation of Prior Year										
Accounts Payable	103,570	248			25,528					
Cancellation of Accrued Liability of Claims								521,828		
Health Claim Reimbursements	-	-	-	-	310,939	-	-	-	-	-
	<u>\$ 2,024,852</u>	<u>\$ 2,283,119</u>	<u>\$ 2,615,541</u>	<u>\$ 4,149,330</u>	<u>\$ 2,668,463</u>	<u>\$ 2,676,126</u>	<u>\$ 2,426,266</u>	<u>\$ 3,175,022</u>	<u>\$ 2,142,543</u>	<u>\$ 2,150,400</u>

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2012	\$ 144,326,700	\$ 4,146,398,000	\$ 1,479,800	\$ 22,400	\$ 3,567,000,300	\$ 115,428,700	\$ 18,642,800	\$ 7,993,298,700	\$ 6,411,753	\$ 7,999,710,453	\$ 8,558,395,272	\$ 0.896
2013	143,045,700	4,154,425,400	1,479,800	22,400	3,462,384,900	113,136,400	18,642,800	7,893,137,400	6,222,785	7,899,360,185	8,545,391,805	0.922
2014	142,215,000	4,171,077,547	1,479,800	22,400	3,542,561,600	111,783,600	18,642,800	7,987,782,747	4,987,188	7,992,769,935	8,834,630,995	0.930
2015	137,950,900	4,203,955,147	1,479,800	22,400	3,532,924,100	109,198,200	16,964,600	8,002,495,147	5,235,279	8,007,730,426	8,758,087,401	0.944
2016	137,301,800	4,225,646,147	1,479,800	22,400	3,513,162,400	108,289,700	16,964,600	8,002,866,847	5,153,630	8,008,020,477	8,810,817,359	0.954
2017	137,252,400	4,265,444,247	1,479,800	22,400	3,500,165,000	101,312,100	16,964,600	8,022,640,547	4,687,668	8,027,328,215	9,669,326,922	0.965
2018	142,303,300	4,274,723,247	1,479,800	22,400	3,492,492,700	99,013,200	16,964,600	8,026,999,247	4,357,977	8,031,357,224	10,511,862,247	0.980
2019	144,594,500	4,333,905,447	1,421,900	22,400	3,443,882,320	99,158,800	16,964,600	8,039,949,967	4,628,293	8,044,578,260	10,018,186,246	0.997
2020 (A)	162,521,500	5,071,690,600	2,162,700	11,200	4,592,844,620	139,530,000	63,885,300	10,032,645,920	5,729,604	10,038,375,524	10,344,291,557	0.814
2021	161,665,500	5,188,308,600	2,187,600	10,900	4,424,639,220	139,140,900	65,881,700	9,981,834,420	5,845,246	9,987,679,666	9,988,770,574	0.834

Source: County Abstract of Ratables

^a Tax rates are per \$100

(A) The Borough undertook a reassessment of real property which was effective in 2020.

**PARAMUS BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
2012	\$ 1.677	\$ 0.896	\$ 0.548	\$ 0.233
2013	1.726	0.922	0.555	0.249
2014	1.719	0.930	0.535	0.254
2015	1.734	0.944	0.530	0.260
2016	1.752	0.954	0.529	0.269
2017	1.801	0.965	0.533	0.303
2018	1.833	0.980	0.534	0.319
2019	1.856	0.997	0.558	0.301
2020	1.595	0.814	0.526	0.255
2021	1.654	0.834	0.567	0.253

Source: Tax Duplicates, Borough of Paramus

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

Taxpayer	2021		Taxpayer	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Westland GSP L.P.	\$ 879,335,900	8.80%	Westland GSP L.P.	\$ 560,426,600	7.01%
VNO Bergen Mall, LLC	279,209,500	2.80%	Vornado, Bergen Mall LLC	275,119,800	3.44%
ALX of Paramus LLC	196,545,900	1.97%	ALX of Paramus LLC	163,601,800	2.05%
Westland GSP L.P.	121,525,000	1.22%	Paramus Park Shopping Center	117,290,000	1.47%
Paramus Park - General Growth	100,896,600	1.01%	Westland GSP L.P.	97,069,400	1.21%
Faber Bros Inc NJ	84,000,000	0.84%	Faber Bros Inc NJ	70,000,000	0.88%
Paramus Park - Macy's Inc.	67,907,700	0.68%	Country Club Office Plaza	65,003,800	0.81%
Gabriel, J & Etal & Temple Ridge	58,934,900	0.59%	Paramus Park - Macy's Inc.	60,147,300	0.75%
KMO-361 Paramus LLC	56,608,700	0.57%	Mack Paramus Affiliates	58,100,000	0.73%
CCP Owner LLC	55,087,900	0.55%	Farber, William A	48,956,500	0.61%
	<u>\$ 1,900,052,100</u>	<u>19.02%</u>		<u>\$ 1,515,715,200</u>	<u>18.95%</u>

Source: Municipal Tax Assessor

N/A Not Available

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 71,260,000	\$ 71,260,000	100.00%	N/A
2013	72,082,781	72,082,781	100.00%	N/A
2014	73,626,957	73,626,957	100.00%	N/A
2015	75,015,150	75,015,150	100.00%	N/A
2016	75,894,956	75,894,956	100.00%	N/A
2017	76,891,151	76,891,151	100.00%	N/A
2018	77,990,589	77,990,589	100.00%	N/A
2019	79,394,555	74,860,648	94.29%	\$ 4,533,907
2020	80,909,091	80,909,091	100.00%	N/A
2021	82,479,590	82,479,590	100.00%	N/A

N/A = Not Applicable

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Temporary Notes</u>			
2012	\$ 22,625,000		\$ 577,105	\$ 9,736,000	\$ 32,938,105	26,486	\$ 1,244
2013	21,005,000		495,231		21,500,231	26,549	810
2014	19,320,000		410,180		19,730,180	26,593	742
2015	15,190,000				15,190,000	26,596	571
2016	14,180,000				14,180,000	26,648	532
2017	13,180,000				13,180,000	26,591	496
2018	12,185,000				12,185,000	26,596	458
2019	11,095,000				11,095,000	26,456	419
2020	10,015,000				10,015,000	26,261	381
2021	9,370,000				9,370,000	26,063	360

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2012	\$ 22,625,000		\$ 22,625,000	0.28%	\$ 854
2013	21,005,000		21,005,000	0.27%	791
2014	19,320,000		19,320,000	0.24%	727
2015	15,190,000		15,190,000	0.19%	571
2016	14,180,000		14,180,000	0.18%	532
2017	13,180,000		13,180,000	0.16%	496
2018	12,185,000		12,185,000	0.15%	458
2019	11,095,000		11,095,000	0.14%	419
2020	10,015,000		10,015,000	0.10%	381
2021	9,370,000		9,370,000	0.09%	360

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**PARAMUS BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
MUNICIPAL DEBT:			
Borough of Paramus (1)	\$ 42,434,953	\$ 4,042,500	\$ 38,392,453
Paramus School District	<u>10,015,000</u>	<u>10,015,000</u>	<u>-</u>
	<u>\$ 52,449,953</u>	<u>\$ 14,057,500</u>	<u>38,392,453</u>
OVERLAPPING DEBT APPORTIONED TO THE MUNICIPALITY			
Bergen County:			
County of Bergen(A)			84,441,716
Bergen County Utilities Authority - Water Pollution Control (B)			<u>5,967,542</u>
			<u>90,409,258</u>
Total Direct and Overlapping Outstanding Debt			<u>\$ 128,801,711</u>

SOURCE:

(1) Borough of Paramus 2020 Annual Debt Statement

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

(B) Overlapping debt was computed based upon municipal flow to the Authority.

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

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized valuation basis
	2020 \$ 9,796,549,087
	2019 10,423,894,680
	2018 9,909,875,614
	<u>\$ 30,130,319,381</u>
Average equalized valuation of taxable property	<u>\$ 10,043,439,794</u>
Debt limit (4 % of average equalization value)	401,737,592 ^a
Total Net Debt Applicable to Limit	<u>9,370,000</u>
Legal debt margin	<u>\$ 392,367,592</u>

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 350,541,846	\$ 343,226,211	\$ 343,601,966	\$ 346,591,299	\$ 347,117,624	\$ 360,415,977	\$ 383,721,993	\$ 399,658,452	\$ 410,037,120	\$ 401,737,592
Total net debt applicable to limit	<u>22,626,501</u>	<u>21,005,000</u>	<u>19,320,000</u>	<u>15,190,000</u>	<u>14,180,000</u>	<u>13,180,000</u>	<u>12,185,000</u>	<u>11,095,000</u>	<u>10,015,000</u>	<u>9,370,000</u>
Legal debt margin	<u>\$ 327,915,345</u>	<u>\$ 322,221,211</u>	<u>\$ 324,281,966</u>	<u>\$ 331,401,299</u>	<u>\$ 332,937,624</u>	<u>\$ 347,235,977</u>	<u>\$ 371,536,993</u>	<u>\$ 388,563,452</u>	<u>\$ 400,022,120</u>	<u>\$ 392,367,592</u>
Total net debt applicable to the limit as a percentage of debt limit	6.45%	6.12%	5.62%	4.38%	4.09%	3.66%	3.18%	2.78%	2.44%	2.33%

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

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**PARAMUS 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	26,486	\$ 72,164	7.50%
2013	26,549	71,699	6.50%
2014	26,593	74,480	5.40%
2015	26,596	77,767	4.50%
2016	26,648	79,407	4.00%
2017	26,591	81,676	4.00%
2018	26,596	86,404	3.40%
2019	26,456	89,456	2.80%
2020	26,261	N/A	9.50%
2021	26,063	N/A	N/A

Source: New Jersey State Department of Education

N/A - Not Available

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

	2021		2012	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	258	258	259	245	258	263	263	263	265	264
Special education	168	168	191	195	193	193	191	194	201	190
Support Services:										
Student & instruction related services	89	89	91	89	91	90	90	95	96	92
General administration	2	2	2	2	2	2	2	2	2	2
School administrative services	36	36	41	39	38	36	36	36	36	39
Other administrative services										
Central services	15	15	15	15	14	14	14	14	14	14
Administrative Information Technology	6	6	6	7	7	7	8	9	9	8
Plant operations and maintenance	120	120	105	105	87	92	92	90	90	86
Pupil transportation	23	23	21	20	21	20	20	18	17	14
Other support services										
Special Schools	51	3	33	36	22	16	1	1	1	1
Total	<u>768</u>	<u>720</u>	<u>764</u>	<u>753</u>	<u>733</u>	<u>733</u>	<u>717</u>	<u>722</u>	<u>731</u>	<u>710</u>

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Teacher/Pupil Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	4,095	\$ 76,145,004	\$ 18,595	5.55%	382	1:09.76	1:08.94	1:08.98	4,073	3,938	-2.00%	96.69%
2013	4,034	79,451,112	19,695	5.92%	385	1:33.39	01:27.0	1:25.40	4,031	3,884	-1.03%	96.35%
2014	3,941	79,631,636	20,206	2.59%	387	1:09.98	1:09.72	1:10.85	3,940	3,798	-2.26%	96.40%
2015	3,933	81,939,706	20,834	3.11%	398	1:10.40	1:09.66	1:10.41	3,934	3,787	-0.15%	96.26%
2016	3,894	85,191,053	21,878	5.01%	418	1:09.20	1:09.22	1:10.11	3,894	3,742	-1.02%	96.10%
2017	3,823	87,223,004	22,815	4.29%	420	1:09.20	1:08.94	1:10.41	3,823	3,663	-1.82%	95.81%
2018	3,776	90,842,079	24,058	5.45%	422	1:08.83	1:09.23	1:10.24	3,776	3,624	-1.23%	95.97%
2019	3,781	94,784,481	25,069	4.20%	402	1:09.76	1:09.22	1:09.96	3,781	3,615	0.13%	95.61%
2020	3,765	94,365,969	25,064	-0.02%	438	1:09.38	1:08.37	1:09.64	3,765	3,660	-0.42%	97.21%
2021	3,597	98,043,907	27,257	8.75%	408	1:08.56	1:09.22	1:09.69	3,597	3,541	-4.46%	98.44%

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.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District Building										
<u>Elementary</u>										
Memorial										
Square Feet	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250
Capacity (students)	365	365	365	365	365	365	365	365	365	365
Enrollment	318	317	319	340	307	295	307	310	312	277
Midland										
Square Feet	38,750	38,750	38,750	38,750	38,750	38,750	38,750	38,750	38,750	38,750
Capacity (students)	321	321	321	321	321	321	321	321	321	321
Enrollment ^a	231	231	237	236	229	236	212	192	180	155
Stony Lane										
Square Feet	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700
Capacity (students)	270	270	270	270	270	270	270	270	270	270
Enrollment	201	201	206	196	201	192	184	177	187	172
Ridge Ranch										
Square Feet	46,430	46,430	46,430	46,430	46,430	46,430	46,430	46,430	46,430	46,430
Capacity (students)	476	476	476	476	476	476	476	476	476	476
Enrollment	347	350	315	297	327	330	344	347	340	344
Parkway										
Square Feet	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Capacity (students)	476	476	476	476	476	476	476	476	476	476
Enrollment	273	255	251	267	289	288	291	314	316	259
<u>Middle School</u>										
East Brook										
Square Feet	115,971	115,971	115,971	115,971	115,971	115,971	115,971	115,971	115,971	115,971
Capacity (students)	876	876	876	876	876	876	876	876	876	876
Enrollment	627	629	608	652	618	619	608	589	587	604
West Brook										
Square Feet	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Capacity (students)	876	876	876	876	876	876	876	876	876	876
Enrollment	671	674	627	624	620	585	509	584	577	585
<u>High School</u>										
Square Feet	297,950	297,950	297,950	297,950	297,950	297,950	297,950	297,950	297,950	297,950
Capacity (students)	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944
Enrollment	1,288	1,288	1,272	1,322	1,303	1,278	1,240	1,268	1,266	1,201

Number of Schools at June 30, 2021

Elementary = 5

Middle School = 2

Senior High School = 1

Source: District Records

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

Undistributed Expenditures
 Required Maintenance for School Facilities
 11-000-261-xxx

<u>School Facilities</u>	<u>Project Nos.</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Memorial School	N/A	\$ 85,422	\$ 112,602	\$ 121,064	\$ 117,535	\$ 132,273	\$ 130,594	\$ 107,136	\$ 151,728	\$ 86,349	\$ 98,771
Midland School	N/A	77,537	37,519	40,339	39,163	44,074	43,515	35,699	50,557	28,772	32,911
Parkway School	N/A	98,642	25,832	27,773	26,963	30,344	29,959	24,578	34,808	19,809	22,659
Ridge Ranch School	N/A	67,525	82,690	88,904	86,313	97,136	95,903	78,677	111,423	63,411	72,534
Stony Lane School	N/A	53,207	33,753	36,289	35,231	39,648	39,145	32,114	45,480	25,883	29,607
Paramus High School	N/A	827,419	1,344,475	1,445,512	1,403,379	1,579,351	1,559,307	1,279,223	1,811,653	1,031,020	1,179,348
East Brook Middle School	N/A	179,886	92,996	99,985	97,071	109,243	107,856	88,483	125,311	71,315	81,575
West Brook Middle School	N/A	<u>346,612</u>	<u>162,072</u>	<u>174,252</u>	<u>169,173</u>	<u>190,386</u>	<u>187,970</u>	<u>154,207</u>	<u>218,390</u>	<u>124,287</u>	<u>142,167</u>
Total School Facilities		<u>\$ 1,736,250</u>	<u>\$ 1,891,939</u>	<u>\$ 2,034,118</u>	<u>\$ 1,974,828</u>	<u>\$ 2,222,455</u>	<u>\$ 2,194,249</u>	<u>\$ 1,800,117</u>	<u>\$ 2,549,350</u>	<u>\$ 1,450,846</u>	<u>\$ 1,659,572</u>

Source: District Records

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Building & Contents	\$ 95,128,109	\$ 25,000
General Liability (Aggregate)	3,000,000	2,500
Environmental Impairment Liability (Aggregate)	2,000,000	25,000
Business Automobile Liability	1,000,000	1,000
Excess Liability (Each Occurrence and Aggregate)	9,000,000	
Educator's Legal Liability	1,000,000	
Umbrella Excess (Each Occurrence and Aggregate)	25,000,000	
Cyber Liability (Combined Policy Aggregate)	6,000,000	100,000
Public Official Bonds - Travelers Casualty and Surety Company of America		
Alfredo Aguilar, Business Administrator	500,000	
Steven Cea, Interim Business Administrator	500,000	

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Paramus Board of Education
Paramus, 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 and each major fund of the Paramus 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 Paramus Board of Education's basic financial statements and have issued our report thereon dated January 28, 2022.

Internal Control Over Financial Reporting

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

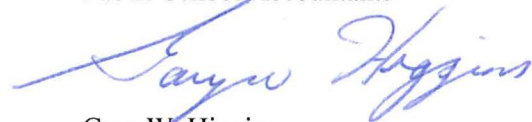
However, we noted a certain matter that is required to be reported under Government Auditing Standards that we reported to management of the Paramus Board of Education in a separate report entitled "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 28, 2022.

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 Paramus 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 Paramus Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 28, 2022



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
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CHRISTINA CUIFFO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND 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
Paramus Board of Education
Paramus, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Paramus Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Paramus Board of Education's major federal and state programs for the fiscal year ended June 30, 2021. The Paramus Board of Education's major federal and 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Paramus Board of Education's major federal and 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; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Paramus 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 federal and state program. However, our audit does not provide a legal determination of the Paramus Board of Education's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the Paramus 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 Paramus Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Paramus 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 federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

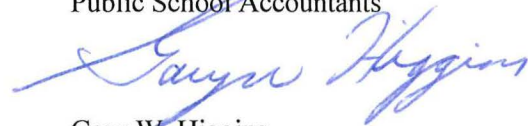
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and 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, business-type activities and each major fund of the Paramus Board of Education, as of and for the fiscal year ended June 30, 2021 and have issued our report thereon dated January 28, 2022 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 28, 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 federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 28, 2022

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period	July 1, 2020					June 30, 2021					MEMO GAAP Receivable
						Accounts Receivable	Unearned Revenue	Accounts Receivable Carryover	Unearned Revenue Carryover	Cash Received	Budgetary Expenditures	Accounts Receivable Adjustments	Unearned Revenue Adjustments	Accounts Receivable	Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education General Fund																
Medicaid Reimbursement	93.778	2105NJ5MAP	N/A	\$ 42,480	7/1/20-6/30/21					\$ 36,681	\$ 42,480			\$ (5,799)		\$ (5,799)
Medicaid Reimbursement	93.778	2005NJ5MAP	N/A	43,957	7/1/19-6/30/20	\$ (6,062)	-	-	-	6,062	-	-	-	-	-	-
Total General Fund						(6,062)	-	-	-	42,743	42,480	-	-	(5,799)	-	(5,799)
U.S. Department of Education Passed-through State Department of Education Special Revenue Fund																
I.D.E.A. Part B																
Basic Regular	84.027	H027A200100	FT393021	1,514,367	7/1/20-9/30/21			\$ (217,364)	\$ 32,004	1,451,537	1,473,689			(280,194)	\$ 72,682	(207,512)
Basic Regular, Carryover	84.027	H027A190100	FT393020	1,416,180	7/1/19-9/30/20	(217,364)	\$ 32,004	217,364	(32,004)							
Preschool	84.173	H173A200114	PS393021	36,100	7/1/20-9/30/21			(16,603)	1,839	37,438	37,723			(15,265)	216	(15,049)
Preschool, Carryover	84.173	H173A190114	PS393020	35,894	7/1/19-9/30/20	(16,603)	1,839	16,603	(1,839)							
Total Special Education Cluster (IDEA)										1,511,412						
ESEA																
Title I	84.010	S010A200030	ESEA393021	328,872	7/1/20-9/30/21			(155,388)	20,505	249,568	303,432			(234,692)	45,945	(188,747)
Title I c/o	84.010	S010A190030	ESEA393020	295,743	7/1/19-9/30/20	(155,388)	\$ 20,505	155,388	(20,505)							
Title II Part A	84.367A	S367A200029	ESEA393021	70,643	7/1/20-9/30/21			(71,369)	23,629	60,204	53,335			(81,808)	40,937	(40,871)
Title II Part A c/o	84.367A	S367A190029	ESEA393020	65,274	7/1/19-9/30/20	(71,369)	23,629	71,369	(23,629)							
Title III	84.365	S365A200030	ESEA393021	26,931	7/1/20-9/30/21			(40,485)	5,546	51,617	24,818			(15,799)	7,659	(8,140)
Title III c/o	84.365	S365A190030	ESEA393020	24,169	7/1/19-9/30/20	(40,485)	5,546	40,485	(5,546)							
Title III - Immigrant c/o	84.365	S365A180030	ESEA393019	9,738	7/1/18-6/30/19	(7,607)	4,863			2,744	296			(4,863)	4,567	(296)
Title IV	84.424	S424A200031	ESEA393021	21,840	7/1/20-9/30/21			(34,156)	25,653	13,059	11,367			(42,937)	36,126	(6,811)
Title IV c/o	84.424	S424A190031	ESEA393020	18,428	7/1/19-9/30/20	(34,156)	25,653	34,156	(25,653)							
CARES Emergency Relief Grant	84.425D	S425D200027	N/A	380,548	3/13/20-9/30/22	(237,774)	231,101			277,416	362,574			(103,132)	11,301	(91,831)
CRRSA - ESSER II	84.425D	S425D210027	N/A	974,676	3/13/20-9/30/23									(974,676)	974,676	-
CRRSA - Learning Acceleration	84.425D	S425D210027	N/A	62,550	3/13/20-9/30/23									(62,550)	62,550	-
CRRSA - Mental Health	84.425D	S425D210027	N/A	45,000	3/13/20-9/30/23									(45,000)	45,000	-
Digital Divide	84.425D	S425D200027	21E00065	23,792	7/16/20-10/31/20					23,792	23,792					-
Total CARES/ESSER Cluster										386,366						-
Coronavirus Relief Grant	21.019	N/A	N/A	125,311	7/1/20-6/30/21					125,311	125,311			-	-	-
Coronavirus Relief (County of Bergen)	21.019	N/A	N/A	71,332	7/1/20-6/30/21					71,332	71,332			-	-	-
CRF - Nonpublic Technology	21.019	N/A	N/A	161,822	7/1/20-6/30/21					160,390	161,499			(1,432)	323	(1,109)
Total Coronavirus Relief Cluster										358,142				-	-	-
Total Special Revenue Fund						(780,746)	345,140	-	-	2,524,408	2,649,168	-	-	(1,862,348)	1,301,982	(560,366)
U.S. Department of Education Passed-through State Department of Education Enterprise Fund																
National School Lunch Program	10.555		N/A													
Non-Cash Assistance (Food Distribution)		211NJ304N1099		21,438	7/1/20-6/30/21					21,438	21,438					
Cash Assistance		211NJ304N1099		313,002	7/1/20-6/30/21					212,850	313,002			(100,152)		(100,152)
Cash Assistance		201NJ304N1099		75,997	7/1/19-6/30/20	(1,681)	-	-	-	1,681	-			-	-	-
Total Child Nutrition Cluster						(1,681)	-	-	-	235,969	334,440			(100,152)	-	(100,152)
Total Federal Financial Awards						\$ (788,489)	\$ 345,140	\$ -	\$ -	\$ 2,803,120	\$ 3,026,088	\$ -	\$ -	\$ (1,968,299)	\$ 1,301,982	\$ (666,317)

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

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

State Grantor/Program Title	Project Number	Amount	Period	Balance July 1, 2020	Carryover Amount	Cash Received	Cash Expenditures	Adjustments	Refund of Prior Balance	Deferred Revenue June 30, 2021	(Accounts Receivable)	Due to Grantor June 30, 2021	Memo		
													GAAP Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund															
Special Education Categorical Aid	21-495-034-5120-089	\$ 2,231,406	7/1/20-6/30/21			\$ 2,062,912	\$ 2,231,406				\$ (168,494)			\$	2,231,406
Special Education Categorical Aid	20-495-034-5120-089	2,089,127	7/1/19-6/30/20	(141,941)		141,941									
Security Aid	21-495-034-5120-084	69,352	7/1/20-6/30/21			64,115	69,352				(5,237)				69,352
Security Aid	20-495-034-5120-084	69,352	7/1/19-6/30/20	(4,712)		4,712									
Total State Aid Public Cluster							<u>2,300,758</u>								
Transportation Aid	21-495-034-5120-014	727,057	7/1/20-6/30/21			672,157	727,057				(54,900)				727,057
Transportation Aid	20-495-034-5120-014	727,057	7/1/19-6/30/20	(49,398)		49,398									
NonPublic Transportation Aid	21-495-034-5120-014	64,107	7/1/20-6/30/21				64,107				(64,107)		\$	(64,107)	64,107
NonPublic Transportation Aid	20-495-034-5120-014	5,334	7/1/19-6/30/20	(5,334)		5,334									
Total Transportation Aid Cluster							<u>791,164</u>								
Extraordinary Aid	21-100-034-5120-044	767,166	7/1/20-6/30/21				767,166				(767,166)				767,166
Extraordinary Aid	20-100-034-5120-044	612,986	7/1/19-6/30/20	(612,986)		612,986									
School Security Aid (Alyssa's Law) On-Behalf TPAF Pension and Annuity Aid-	20E00312	210,495	7/1/20-6/30/22				210,495				(210,495)			(210,495)	210,495
Pension Contribution	21-495-034-5094-002	8,822,711	7/1/20-6/30/21			8,822,711	8,822,711								8,822,711
Long Term Disability Insurance	21-495-034-5094-004	4,239	7/1/20-6/30/21			4,239	4,239								4,239
NCGI	21-495-034-5094-004	167,864	7/1/20-6/30/21			167,864	167,864								167,864
Post Retirement Medical Contributions	21-495-034-5094-001	2,817,506	7/1/20-6/30/21			2,817,506	2,817,506								2,817,506
TPAF Social Security Contributions	21-495-034-5094-003	2,481,920	7/1/20-6/30/21			2,359,922	2,481,920				(121,998)			(121,998)	2,481,920
TPAF Social Security Contributions	20-495-034-5094-003	2,398,637	7/1/19-6/30/20	(120,234)	-	120,234	-	-	-	-	-	-	-	-	-
Total General Fund				<u>(934,605)</u>	<u>-</u>	<u>17,906,031</u>	<u>18,363,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,392,397)</u>	<u>-</u>		<u>(396,600)</u>	<u>18,363,823</u>
Special Revenue Fund															
NJ Nonpublic Aid															
Textbooks	21-100-034-5120-064	227,255	7/1/20-6/30/21			227,255	222,817					\$ 4,438			222,817
Textbooks	20-100-034-5120-064	201,774	7/1/19-6/30/20	10,702				\$ 10,702							
Nursing	21-100-034-5120-070	415,752	7/1/20-6/30/21			415,752	415,682					70			415,682
Nursing	20-100-034-5120-070	410,504	7/1/19-6/30/20	2,271				2,271							
Security	21-100-034-5120-509	713,300	7/1/20-6/30/21			713,300	710,244					3,056			710,244
Security	20-100-034-5120-509	634,800	7/1/19-6/30/20	1,247				1,247							
Technology	20-100-034-5120-373	137,808	7/1/19-6/30/20	428				\$ 11	428			11			
Auxiliary															
Compensatory Education	21-100-034-5120-067	472,033	7/1/20-6/30/21			472,033	326,336					145,697			326,336
Compensatory Education	20-100-034-5120-067	439,665	7/1/19-6/30/20	58,496			22,375		80,871						
ESL	21-100-034-5120-067	25,756	7/1/20-6/30/21				16,519					9,237			16,519
ESL	20-100-034-5120-067	23,990	7/1/19-6/30/20	(18,116)			23,990		5,874						
Home Instruction	21-100-034-5120-067	4,412	7/1/20-6/30/21				4,412				(4,412)			(4,412)	4,412
Home Instruction	20-100-034-5120-067	14,866	7/1/19-6/30/20	(14,866)		14,866									
Total Auxiliary Cluster							<u>347,267</u>								
Handicapped															
Supplementary Instruction	21-100-034-5120-066	406,683	7/1/20-6/30/21			406,683	375,689					30,994			375,689
Supplementary Instruction	20-100-034-5120-066	410,163	7/1/19-6/30/20	20,632					20,632						
Examination and Classification	21-100-034-5120-066	797,880	7/1/20-6/30/21			797,880	472,080					325,800			472,080
Examination and Classification	20-100-034-5120-066	531,786	7/1/19-6/30/20	(56,445)			134,073		77,628						
Corrective Speech	21-100-034-5120-066	299,122	7/1/20-6/30/21			299,122	281,349					17,773			281,349
Corrective Speech	20-100-034-5120-066	299,851	7/1/19-6/30/20	23,788					23,788						
Total Handicapped Cluster							<u>1,129,118</u>								
Total Special Revenue Fund				<u>28,137</u>	<u>-</u>	<u>3,553,085</u>	<u>2,825,128</u>	<u>11</u>	<u>223,441</u>	<u>-</u>	<u>(4,412)</u>	<u>537,076</u>		<u>(4,412)</u>	<u>2,825,128</u>

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

State Grantor/Program Title	Project Number	Amount	Period	Balance July 1, 2020	Carryover Amount	Cash Received	Cash Expenditures	Adjustments	Refund of Prior Balance	Deferred Revenue June 30, 2021	(Accounts Receivable)	Due to Grantor June 30, 2021	Memo	
													GAAP Receivable	Cumulative Total Expenditures
State Department of Education													*	
State Department of Agriculture													*	
Enterprise Fund													*	
State School Lunch Program	21-100-010-3350-023	\$ 17,437	7/1/20-6/30/21			\$ 12,448	\$ 17,437				\$ (4,989)		\$ (4,989)	\$ 17,437
State School Lunch Program	20-100-010-3350-023	4,198	7/1/19-6/30/20	\$ (26)	-	26	-	-	-	-	-	-	-	-
Total Enterprise Fund				(26)	-	12,474	17,437	-	-	-	(4,989)	-	(4,989)	17,437
Total State Financial Assistance Subject to Single Audit Determination													*	
				\$ (906,494)	-	\$ 21,471,590	\$ 21,206,388	11	\$ 223,441	-	\$ (1,401,798)	\$ 537,076	\$ (406,001)	\$ 21,206,388
Less On-Behalf TPAF Pension and Annuity Aid													*	
Pension Contribution	21-495-034-5094-002	8,822,711	7/1/20-6/30/21			8,822,711	8,822,711							8,822,711
Long Term Disability Insurance	21-495-034-5094-004	4,239	7/1/20-6/30/21			4,239	4,239							4,239
NCGI	20-495-034-5094-004	167,864	7/1/20-6/30/21			167,864	167,864							167,864
Post Retirement Medical Contributions	21-495-034-5094-001	2,817,506	7/1/20-6/30/21			2,817,506	2,817,506							2,817,506
				-	-	11,812,320	11,812,320	-	-	-	-	-	-	11,812,320
Total for State Financial Assistance Subject to Major Program Determination													*	
				\$ (906,494)	\$ -	\$ 9,659,270	\$ 9,394,068	\$ 11	\$ 223,441	\$ -	\$ (1,401,798)	\$ 537,076	\$ (406,001)	\$ 9,394,068

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Adjustments - Represents prior year cancelled liabilities

**PARAMUS 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 Paramus 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 \$186,760 for the general fund and a decrease of \$16,664 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	\$ 42,480	\$ 18,177,063	\$ 18,219,543
Special Revenue Fund	2,574,423	2,855,709	5,430,132
Food Service Fund	<u>334,440</u>	<u>17,437</u>	<u>351,877</u>
Total Awards Financial Assistance	<u>\$ 2,951,343</u>	<u>\$ 21,050,209</u>	<u>\$ 24,001,552</u>

**PARAMUS 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 \$2,481,920 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 \$8,990,575, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,817,506 and TPAF Long-Term Disability Insurance in the amount of \$4,239 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

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

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

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.

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

Part I – Summary of Auditor’s Results

State Awards Section

Internal control over major programs:

1) Material weakness(es) identified: _____ yes no

2) Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes none reported

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

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

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program or Cluster</u>
<u>21-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>
<u>21-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>21-495-034-5120-084</u>	<u>Security Aid</u>
<u>21-100-034-5120-066</u>	<u>Nonpublic Handicapped Aid</u>
<u>21-100-034-5120-509</u>	<u>Non Public Security Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? yes _____ no

**PARAMUS BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
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.

PARAMUS 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

THERE ARE NONE.

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

**PARAMUS 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.