

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

Totowa, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Totowa Board of Education

Totowa, New Jersey

For The Fiscal Year Ended June 30, 2021

Prepared by

Business Office

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INTRODUCTORY SECTION

BOROUGH OF TOTOWA PUBLIC SCHOOLS
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TOTOWA, NEW JERSEY 07512
OFFICE OF THE CHIEF SCHOOL ADMINISTRATOR
Patricia Capitelli

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January 31, 2022

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

Dear Board Members:

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

The comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A), the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No 34. The basic financial statements also include individual fund statements, notes to the financial statements and required supplementary information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and U.S. Uniform Guidance and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Totowa School District an Independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the district are included in this report. The Totowa Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten, Kindergarten, and grades one through eight. These include regular, as well as special education programs for students with disabilities. The District completed the 2020-2021 fiscal year with an enrollment of 914 students. The following details the changes in the student enrollment of the District over the last five years.

enrollment of 914 students. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

(Data Source: ASSA Report, including SE Students)

Fiscal Year	Student Enrollment 10/15	Total (End of Year)
16/17	1050	1064
17/18	1028	1040
18/19	977	975
19/20	977	938
20/21	907	914

2. ECONOMIC CONDITION AND OUTLOOK:

The Totowa area is in the process of completing another era of development and expansion that is expected to stabilize and increase the tax base. A large industrial area is currently being built as well as new apartments. The number of businesses relocating to the area result in a stabilized level tax base; both residential and industrial. Annual enrollment has decreased over the last few years. The school district has seen a rise in enrollment during 2021-2022 school year. The attractiveness of the Totowa tax base, additional apartments, and the progressive school system has been the catalyst for the purchase and/or renting of houses and apartments for many families looking for housing.

3. MAJOR INITIATIVES:

A. Technology

The Totowa School district has implemented a one-to-one computing initiative. All students in kindergarten through grade 8 have been provided with a laptop computer. Our classrooms are equipped with state-of-the-art Smart Boards. The Totowa School district has updated its network infrastructure and installed wireless routers in every classroom at Washington Park School. All equipment was obtained through a joint initiative which includes the Totowa Board of Education, the Totowa Education Foundation, the Totowa PTO, and the Totowa PBA.

To ensure that our teachers are fully trained and integrating technology to enhance the educational experience of our students, the Totowa School District has contracted the assistance of a professional development firm, IDE. Cohorts of teachers participate for eight days of professional development over the summer creating units in various subject areas. IDE then continues providing support to the teacher throughout the year and is in district three days a week every month. Teachers can schedule meeting and/or observations with the IDE consultants who provide on-going support throughout the school year.

B. Virtual Learning

In 2021-2022, the Totowa School district will use a number of strategies to help shrink the learning gap that may exist due to virtual learning and closures at the end of the 2019-2020 school year. A few of the strategies consist of; smaller class sizes for a more individualized approach, additional professional development for staff, and 1:1 computer initiative K-8 with the option to use at home. School district teachers will use a variety of tests and assessments to determine if a pupil should be categorized as at risk of not meeting the proficiencies of the New Jersey Student Learning Standards. Students who are at risk will be provided with and individualized learning plan to address each student's needs. Supplemental instruction and related activities and services responsive to identified deficiencies and are designed to meet the academic, social, economic, and environmental needs of pupils. Evaluation of the progress towards proficiency will occur throughout the year

and student's placement will be addressed accordingly. Parents will be notified of the student's need for supplemental instruction and parents will be apprised of their child(ren)'s progress. Guidance counselors will create programs based on students' social and emotional needs. The district will consider the impact of social isolation on both students and staff. Students and staff who are at-risk will receive additional supports in the school setting as well as outside. Virtual teachers will be provided with additional support and robust professional development to ensure virtual students receive the same robust education as our in-person students.

C. Totowa Education Foundation, Inc.

The Totowa Education Foundation, Inc. ran their before and after care program, Kops 4 Kids, during the 2020-2021 school year. Enrollment was down due to the remote learning option and parents working from home during the pandemic. The Foundation did have to suspend all other extra-curricular activities due to the pandemic in 2020-2021. All programs are anticipated to be offered during the 2021-2022 school year. Programs will be run as they have in the past with no additional cost to the taxpayers.

The Foundation sponsored "Kops for Kids" and "Totowa Preschool (TPK) Kops for Kids" programs and the "Kops 4 Kids Summer Program" (July and August 2021) continues to provide an important service to the community, as well as generating most of the revenue for extracurricular programming and classroom furniture for 21st Century Learning. Enrichment programs, which were suspended during the 2020-2021 school year due to Covid-19, are expected to be offered during the 2021-2022 school year. The programs allowed students to select from a wide variety of classes, ranging from "Luca" to "Art Around the World". Art related classes at Memorial School and Washington Park School have been well received in past years.

Extracurricular programming was suspended during the 2020-2021 school year due to Covid-19. It is anticipated that the following programs will be offered again during the 2021-2022 school year:

- The middle school bowling league
- The interscholastic traveling boys' basketball team,
- Boys' volleyball team
- Girls' traveling basketball team
- Girls' traveling volleyball team

The 2001-2002 school year saw the inaugural annual musical production for middle school students complete with singing, dancing, and a pit band. Due to the Covid-19 pandemic, the 2020-2021 musical was suspended. The musicals performed were since that inaugural year were:

<i>West Side Story</i>	- 2009-2010
<i>Little Shops of Horror</i>	- 2010-2011
<i>Anne</i>	- 2011-2012
<i>The Wiz</i>	- 2012-2013
<i>The Little Mermaid</i>	- 2013-2014
<i>Beauty and the Beast</i>	- 2014-2015
<i>Mary Poppins</i>	- 2015-2016
<i>Aladdin</i>	- 2016-2017
<i>The Lion King</i>	- 2017-2018
<i>Willy Wonka Jr.</i>	- 2018-2019
<i>Frozen (Virtual Video)</i>	- 2019-2020

B. Community Partnerships - The PTO, Dwight D. Eisenhower Library, Police and Fire Department as well as the many local business make Totowa a community that works together.

The PTO serves as one of the District's strongest supporters and child advocate organizations. Extensive cultural arts offerings are financed through the efforts of the PTO. Through the Tricky Tray and Fall Fundraiser, two major sources of revenue, the PTO has continued to fund major initiatives in the district. In the past, PTO funds (50% of Tricky Tray revenues) have been used for technology equipment and 21st Century Learning room renovations. The PTO also sponsors cultural arts programs, the eighth-grade dance, and an eighth-grade trip to a Broadway play. The eighth-grade trip to Broadway was suspended due to Covid-19 during the 2020-2021 school year. The PTO sponsored their annual Book Fair, virtually, during the 2020-2021 school year.

Partnership with the Totowa Public Library: Dwight D. Eisenhower Library and the school continue to cooperate in a collaborative jointure. The School District and the Library made a push to register all students for library cards. The cards give the students free access to digital resources, as well as, access to all items in the library. The Totowa Public Library also runs a program for students during recess in the winter months which include reading books and crafts to go along with the stories read. While this program has been temporarily postponed due to COVID-19, it is our hope to reinstate it at a future date.

Partnership with Totowa Police Department: The administration and Board of Education have continued their partnership with the Totowa Police Department to contract with, at a reduced rate, three full time armed Totowa active duty police officers at a cost of \$40.00 per hour per officer.

Partnership with Municipal Alliance: The administration and Board of Education have continued their partnership with the Municipal Alliance during the 2020-2021 school year. The Municipal Alliance helps run programs such as Senior Citizen luncheons, Community Awareness, and school-based prevention programs. While several of the activities were cancelled due to the pandemic, the Municipal Alliance donated books to the school district for homeroom libraries to help with SEL during 2020-2021.

Partnership with Totowa Fire Department: The administration and the Board of Education have continued their partnership with the Totowa Fire Department during the 2020-2021 school year. The Fire Department provides programs and hands-on activities to educate our students about fire prevention and safety.

4. FACILITIES -

During the summer of 2020 investigation and preparation for a potential new boiler at Washington Park School. During the summer of 2021 the Totowa School District was able to complete a new turf field project at Washington Park School. Students are now able to better utilize the field during the year. The School District was also able to renovate two more bathrooms at Washington Park School.

5. INTERNAL ACCOUNTING CONTROLS -

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in

place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is also subject to periodic evaluation by the district management.

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

6. BUDGETARY CONTROLS -

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

6A. PROPRIETARY FUNDS -

This fund is established for the operation of food services, providing school lunch to the students of the district. This fund is financed and operated in a manner similar to private business enterprises. This fund is self-supporting primarily through recovered user charges and aid from the State of New Jersey.

7. 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.

8. CASH MANAGEMENT -

The investment policy of the district is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where funds are secured in accordance with this Act.

9. OTHER INFORMATION

A. Independent Audit -

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP 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 Single Audit Act Amendments of 1996 and the U.S. Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements and individual fund financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS -

We would like to express our appreciation to the members of the Totowa 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,

Patricia Capitelli

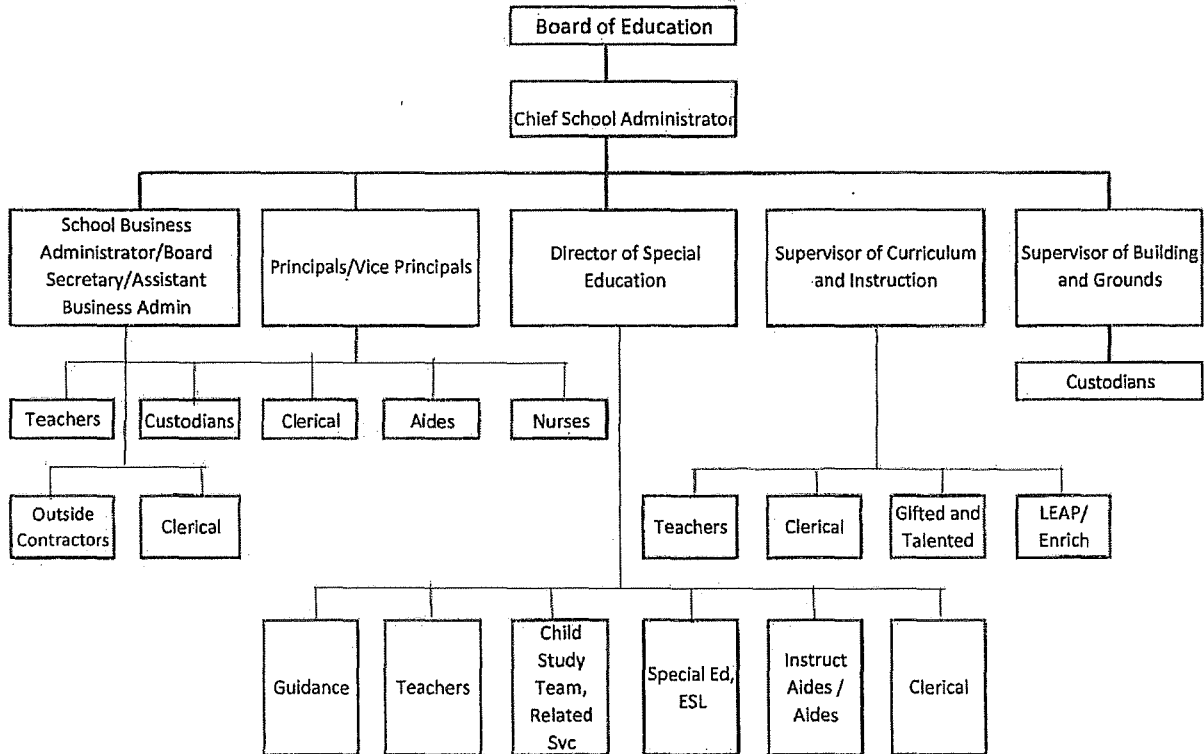
Patricia Capitelli
Chief School Administrator



Vincent Varcadipane
School Business Administrator/
Board Secretary

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: 08 December 1993
 Revised: 16 October 2002
 Revised: 08 September 2004
 Revised: 13 July 2016
 Revised: 21 August 2019



Totowa Board of Education
Roster of Officials
June 30, 2021

Members of the Board of Education

Term Expires

Heather Antonucci - President	2023
Julie Alesandrelli - Vice President	2024
Gary Bierach	2022
Rosemarie Carr	2022
Jennifer DeCeglie	2023
Kenneth Kerwin	2024
Greg La Rose	2024
Sanders Reynoso	2023
Brian Tangora	2022

Other Officials

Patricia Capitelli, Chief School Administrator

Vincent Varcadipane, Board Secretary/School Business Administrator

Lisa Nash, Treasurer of School Monies

Raymond B. Reddin, Attorney

Totowa Board of Education
Consultants and Advisors
June 30, 2021

Audit Firm

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

Attorney

Raymond B. Reddin, Esq.
Reddin Masri LLC
485 Totowa Road
Totowa, New Jersey 07512

Official Depository

Valley National Bank
55 Union Boulevard
Totowa, New Jersey 07512

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Totowa 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 Totowa 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 Totowa Board of Education's basic financial statements. The introductory section, combining fund financial statements, 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 Totowa Board of Education.

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


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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2022 on our consideration of the Totowa 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 Totowa 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 Totowa Board of Education's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 31, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

Totowa Board of Education Totowa, New Jersey

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

This section of the Totowa Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2020-2021) and the prior year (2019-2020) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year are as follows:

- The assets and deferred outflows of resources of the Totowa Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,058,118 (net position).
- The District's total net position increased through current year operations by \$3,573,044.
- Total district-wide revenues were \$23,602,822. General revenues accounted for \$16,880,499 or 72% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,722,323 or 28% of total revenues.
- The school district had \$19,685,364 in expenses for governmental activities; only \$6,346,892 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$16,880,450 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$13,361,304. Of this amount, \$4,007,668 is restricted for capital reserve. After deducting statutory reserves, \$512,327 is available for spending at the District's discretion (unassigned fund balance – General Fund).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Totowa Board of Education.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Totowa Board of Education's overall financial status.

**Totowa Board of Education
Totowa, New Jersey**

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The remaining statements are fund financial statements that focus on individual parts of the Totowa Board of Education, reporting the Board’s operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Board’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

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

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

Totowa Board of Education
Totowa, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2021

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

Totowa Board of Education
Totowa, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2021

The district has three kinds of funds:

- *Governmental funds*- Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*- Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- *Fiduciary funds*- The District is the trustee, or *fiduciary*, for assets that belong to others such as payroll and payroll agency funds, as well as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations. Currently, the District has no Fiduciary Funds.

FINANCIAL ANALYSIS OF THE TOTOWA BOARD OF EDUCATION AS A WHOLE

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

Table A-1 provides a summary of the school district's net position for 2021 and 2020.

Net Position. The district's combined net position were \$14,058,118 and \$10,485,074, on June 30, 2021 and 2020, respectively. (See Table A-1).

Totowa Board of Education
Totowa, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2021

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

	<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)
Assets						
Current Assets	\$ 13,725,703	\$ 10,578,242	\$ 179,850	\$ 126,146	\$ 13,905,553	\$ 10,704,388
Capital Assets	<u>7,019,062</u>	<u>7,195,343</u>	<u>-</u>	<u>-</u>	<u>7,019,062</u>	<u>7,195,343</u>
Total Assets	<u>20,744,765</u>	<u>17,773,585</u>	<u>179,850</u>	<u>126,146</u>	<u>20,924,615</u>	<u>17,899,731</u>
Deferred Outflows of Resources	<u>536,974</u>	<u>902,355</u>	<u>-</u>	<u>-</u>	<u>536,974</u>	<u>902,355</u>
Total Assets and Deferred Outflows	<u>21,281,739</u>	<u>18,675,940</u>	<u>179,850</u>	<u>126,146</u>	<u>21,461,589</u>	<u>18,802,086</u>
Liabilities						
Long-Term Liabilities	5,205,842	6,430,358			5,205,842	6,430,358
Other Liabilities	<u>374,974</u>	<u>126,787</u>	<u>23,229</u>	<u>-</u>	<u>398,203</u>	<u>126,787</u>
Total Liabilities	<u>5,580,816</u>	<u>6,557,145</u>	<u>23,229</u>	<u>-</u>	<u>5,604,045</u>	<u>6,557,145</u>
Deferred Inflows of Resources	<u>1,799,219</u>	<u>1,759,069</u>	<u>207</u>	<u>798</u>	<u>1,799,426</u>	<u>1,759,867</u>
Total Liabilities and Deferred Inflows	<u>7,380,035</u>	<u>8,316,214</u>	<u>23,436</u>	<u>798</u>	<u>7,403,471</u>	<u>8,317,012</u>
Net Position						
Net Investment in Capital Assets	6,306,897	5,804,253			6,306,897	5,804,253
Restricted	4,106,038	2,150,725			4,106,038	2,150,725
Unrestricted	<u>3,488,769</u>	<u>2,404,748</u>	<u>156,414</u>	<u>125,348</u>	<u>3,645,183</u>	<u>2,530,096</u>
Total Net Position	<u>\$ 13,901,704</u>	<u>\$ 10,359,726</u>	<u>\$ 156,414</u>	<u>\$ 125,348</u>	<u>\$ 14,058,118</u>	<u>\$ 10,485,074</u>

Table A-2 on the following page shows changes in net position for fiscal years 2021 and 2020.

**Totowa Board of Education
Totowa, New Jersey**

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

**Table A-2
Change in Net Position
For The Fiscal Years Ended June 30, 2021 and 2020**

	<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	\$ 129,160	\$ 219,278	\$ 1,956	\$ 222,772	\$ 131,116	\$ 442,050
Grants and Contributions	6,217,732	4,720,617	373,475	111,108	6,591,207	4,831,725
General Revenues						
Property Taxes	16,846,344	16,535,937			16,846,344	16,535,937
Interest	7,059	121,632		1,696	7,059	123,328
Miscellaneous	27,047	35,838	49	-	27,096	35,838
Total Revenues	<u>23,227,342</u>	<u>21,633,302</u>	<u>375,480</u>	<u>335,576</u>	<u>23,602,822</u>	<u>21,968,878</u>
Expenses						
Instruction						
Regular	9,286,306	8,773,519			9,286,306	8,773,519
Special Education	1,567,033	1,660,789			1,567,033	1,660,789
Other Instruction	680,308	633,974			680,308	633,974
School Sponsored Activities & Athletics	11,020				11,020	-
Support Services						
Student and Instruction Related Services	2,933,701	2,699,219			2,933,701	2,699,219
General Administrative Services	636,704	604,118			636,704	604,118
School Administrative Services	1,275,294	1,154,285			1,275,294	1,154,285
Plant Operations and Maintenance	2,163,808	1,971,183			2,163,808	1,971,183
Pupil Transportation	495,641	408,969			495,641	408,969
Central Services	604,648	575,625			604,648	575,625
Food Services			344,414	329,168	344,414	329,168
Interest on Long-Term Debt	30,901	50,445	-	-	30,901	50,445
Total Expenses	<u>19,685,364</u>	<u>18,532,126</u>	<u>344,414</u>	<u>329,168</u>	<u>20,029,778</u>	<u>18,861,294</u>
Change in Net Position	<u>\$ 3,541,978</u>	<u>\$ 3,101,176</u>	<u>\$ 31,066</u>	<u>\$ 6,408</u>	<u>\$ 3,573,044</u>	<u>\$ 3,107,584</u>

Totowa Board of Education Totowa, New Jersey

Management's Discussion and Analysis (continued) Year Ended June 30, 2021

Governmental Activities. The District's total revenues were \$23,227,342. General revenues, which included property taxes, tuition, unrestricted state aid, investment earnings, and miscellaneous revenue, amounted to \$16,880,450 or 73% of total revenues. Charges for services, grants and contributions amounted to \$6,346,892 or 27%. (See Figure A-2)

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$11,544,667 or 59% and student support services and debt service totaled \$8,140,697 or 41% of total expenditures. (See Figure A-3)

Figure A-2 Revenues by Sources – Governmental Activities
For Fiscal Year 2021

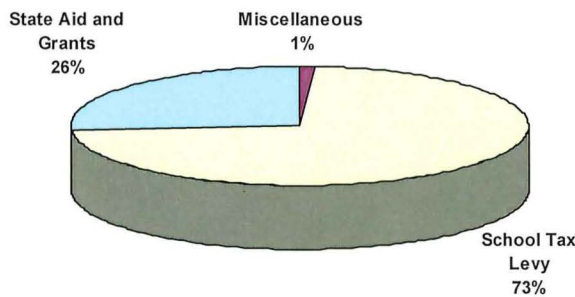
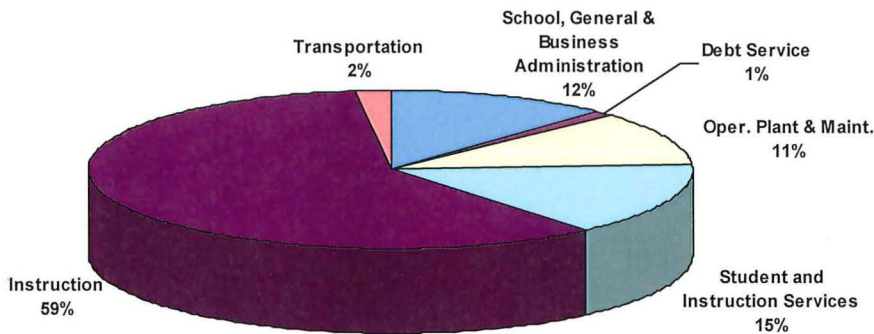


Figure A-3 Expenses by Function – Governmental Activities
For Fiscal Year 2021



**Totowa Board of Education
Totowa, New Jersey**

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

**Table A-3
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2021 and 2020**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Governmental Activities				
Instruction				
Regular	9,286,306	\$ 8,773,519	\$ 6,050,263	\$ 6,181,050
Special Education	1,567,033	1,660,789	444,105	581,995
Other Instruction	680,308	633,974	456,811	465,807
School Sponsored Activities & Athletics	11,020		(10,993)	
Support Services				
Student and Instruction Related Services	2,933,701	2,699,219	1,959,519	2,030,373
General Administrative Services	636,704	604,118	603,675	604,118
School Administrative Services	1,275,294	1,154,285	966,191	962,304
Plant Operations and Maintenance	2,163,808	1,971,183	1,947,448	1,879,849
Pupil Transportation	495,641	408,969	330,424	260,665
Central Services	604,648	575,625	560,128	575,625
Interest on Long-Term Debt	30,901	50,445	30,901	50,445
Total	<u>\$ 19,685,364</u>	<u>\$ 18,532,126</u>	<u>\$ 13,338,472</u>	<u>\$ 13,592,231</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2021 was \$344,414. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-2).

**Totowa Board of Education
Totowa, New Jersey**

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$13,361,304. At June 30, 2020, the fund balance was restated to \$10,472,005 from \$10,328,683, for an increase of \$143,322 due to GASB 84 adjustment for Unemployment (\$46,307) and Student Activities (\$97,015). Total combined fund balances increase by \$2,889,299.

Revenues for the District's governmental funds were \$21,471,432, while total expenditures were \$18,582,133.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students for grades K through 8 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues.

General Fund Revenues

	For the Fiscal Years		Amount of	Percent
	Ended June 30,			
	<u>2021</u>	<u>2020</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Local Sources:				
Property Taxes	\$ 16,126,544	\$ 15,810,337	\$ 316,207	2%
Tuition	129,160	219,278	(90,118)	-41%
Investment Earnings	7,059	121,632	(114,573)	-94%
Miscellaneous	27,047	35,838	(8,791)	-25%
Intergovernmental				
Federal Sources	41,859	36,103	5,756	16%
State Sources	<u>3,543,072</u>	<u>3,054,585</u>	<u>488,487</u>	16%
 Total Revenues	 <u>\$ 19,874,741</u>	 <u>\$ 19,277,773</u>	 <u>\$ 596,968</u>	 3.10%

Totowa Board of Education
Totowa, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2021

The following schedule presents a summary of General Fund expenditures.

General Fund Expenditures

	For the Fiscal Years		Amount of	Percent
	Ended June 30,			
	<u>2021</u>	<u>2020</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Instruction	\$ 9,506,016	\$ 9,500,653	\$ 5,363	0%
Support Services	7,237,019	6,940,095	296,924	4%
Capital Outlay	<u>253,401</u>	<u>144,904</u>	<u>108,497</u>	75%
 Total Expenditures	 <u>\$ 16,996,436</u>	 <u>\$ 16,585,652</u>	 <u>\$ 410,784</u>	 2.5%

Total General Fund expenditures increased by \$410,784 or 2.5%, from the previous year.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$876,891 for the year ended June 30, 2021. Federal sources accounted for 74% of the total revenue for the year, while state sources accounted for 24%, and the remaining 2% came from local sources.

Expenditures of the Special Revenue Fund were \$865,897. Instructional expenditures were \$566,580 or 65%.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities which are supported in part through user fees.

Enterprise Fund - The District uses an Enterprise Fund to report activities related to the Food Services programs. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

**Totowa Board of Education
Totowa, New Jersey**

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

Capital Assets. At the end of the fiscal years ended June 30, 2021 and 2020, the school district had invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment as stated in Table A-4 as follows:

Table A-4

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Land	\$ 130,267	\$ 130,267
Construction in Progress		-
Buildings	12,001,489	11,885,858
Improvements Other Than Buildings	665,032	665,032
Machinery and Equipment	<u>1,950,315</u>	<u>1,812,545</u>
 Total	 14,747,103	 14,493,702
 Less: Accumulated Depreciation	 <u>(7,728,041)</u>	 <u>(7,298,359)</u>
 Total	 <u>\$ 7,019,062</u>	 <u>\$ 7,195,343</u>

Additional information about the District's capital assets can be found in Note 3C of this report.

Debt Administration. As of June 30, 2021 the school district had outstanding long-term liabilities in the amount of \$5,205,842.

Long-Term Liabilities

**Table A-5
Long-Term Debt
Outstanding Long-Term Liabilities
As of June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Serial Bonds Payable, Net	\$ 716,538	\$ 1,403,960
Net Pension Liability	3,823,379	4,375,964
Compensated Absences Payable	<u>665,925</u>	<u>650,434</u>
 Total	 <u>\$ 5,205,842</u>	 <u>\$ 6,430,358</u>

Additional information about the District's long-term liabilities can be found in Note 3E of this report.

**Totowa Board of Education
Totowa, New Jersey**

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

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget in order to prevent over-expenditures in specific line item accounts. These budget revisions were related to:

- ✓ Increases in the cost relating to instructional supplies.
- ✓ Increased costs in providing purchased and professional technical services

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Business Administrator, Totowa Board of Education, 294 Totowa Road, Totowa, New Jersey 07512.

BASIC FINANCIAL STATEMENTS

**TOTOWA 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	\$ 13,679,469	\$ 100,832	\$ 13,780,301
Receivables, net			
Receivables from Other Governments	61,677	47,966	109,643
Internal Balances	(28,416)	28,416	
Other Receivables	12,973		12,973
Inventory		2,636	2,636
Capital Assets, Not Being Depreciated	130,267		130,267
Capital Assets, Being Depreciated	<u>6,888,795</u>	<u>-</u>	<u>6,888,795</u>
Total Assets	<u>20,744,765</u>	<u>179,850</u>	<u>20,924,615</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	532,601		532,601
Deferred Amount on Refunding	<u>4,373</u>	<u>-</u>	<u>4,373</u>
Total Deferred Outflows of Resources	<u>536,974</u>	<u>-</u>	<u>536,974</u>
Total Assets and Deferred Outflows of Resources	<u>21,281,739</u>	<u>179,850</u>	<u>21,461,589</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	152,829	23,229	176,058
Payroll Deductions and Withholdings Payable	179,850		179,850
Payable to Other Governments	31,720		31,720
Accrued Interest Payable	10,575		10,575
Noncurrent Liabilities			
Due Within One Year	776,538		776,538
Due Beyond One Year	<u>4,429,304</u>	<u>-</u>	<u>4,429,304</u>
Total Liabilities	<u>5,580,816</u>	<u>23,229</u>	<u>5,604,045</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	1,799,219		1,799,219
Deferred Commodities Revenue	<u>-</u>	<u>207</u>	<u>207</u>
Total Deferred Inflows of Resources	<u>1,799,219</u>	<u>207</u>	<u>1,799,426</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,380,035</u>	<u>23,436</u>	<u>7,403,471</u>
NET POSITION			
Net Investment in Capital Assets	6,306,897		6,306,897
Restricted for			
Unemployment Compensation	98,370		98,370
Capital Projects	4,007,668		4,007,668
Unrestricted	<u>3,488,769</u>	<u>156,414</u>	<u>3,645,183</u>
Total Net Position	<u>\$ 13,901,704</u>	<u>\$ 156,414</u>	<u>\$ 14,058,118</u>

**TOTOWA 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	\$ 9,286,306	\$ 129,160	\$ 3,106,883		\$ (6,050,263)		\$ (6,050,263)
Special Education	1,567,033		1,122,928		(444,105)		(444,105)
Other Instruction	680,308		223,497		(456,811)		(456,811)
School Sponsored Activities & Athletics	11,020		22,013		10,993		10,993
Support Services							
Student and Instruction Related Services	2,933,701		974,182		(1,959,519)		(1,959,519)
General Administrative Services	636,704		33,029		(603,675)		(603,675)
School Administrative Services	1,275,294		309,103		(966,191)		(966,191)
Central Services	604,648		44,520		(560,128)		(560,128)
Plant Operations and Maintenance	2,163,808		216,360		(1,947,448)		(1,947,448)
Pupil Transportation	495,641		165,217		(330,424)		(330,424)
Interest on Debt	30,901	-	-	-	(30,901)	-	(30,901)
Total Governmental Activities	19,685,364	129,160	6,217,732	-	(13,338,472)	-	(13,338,472)
Business-Type Activities							
Food Service	344,414	1,956	373,475	-	-	\$ 31,017	31,017
Total Business-Type Activities	344,414	1,956	373,475	-	-	31,017	31,017
Total Primary Government	\$ 20,029,778	\$ 131,116	\$ 6,591,207	\$ -	(13,338,472)	31,017	(13,307,455)
General Revenues							
Property Taxes, Levied for General Purposes					16,126,544		16,126,544
Taxes Levied for Debt Service					719,800		719,800
Investment Earnings					7,059	49	7,108
Miscellaneous Income					27,047	-	27,047
Total General Revenues					16,880,450	49	16,880,499
Change in Net Position					3,541,978	31,066	3,573,044
Net Position, Beginning of Year (Restated)					10,359,726	125,348	10,485,074
Net Position, End of Year					\$ 13,901,704	\$ 156,414	\$ 14,058,118

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

FUND FINANCIAL STATEMENTS

**TOTOWA 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	\$ 13,451,986	\$ 227,483		\$ 13,679,469
Receivables, Net				
Receivables from Other Governments	58,468	3,209		61,677
Other Accounts Receivable	<u>11,700</u>	<u>1,273</u>	-	<u>12,973</u>
 Total Assets	 <u>\$ 13,522,154</u>	 <u>\$ 231,965</u>	 <u>\$ -</u>	 <u>\$ 13,754,119</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 60,593	\$ 92,236		\$ 152,829
Due to Other Funds	28,416			28,416
Payroll Deductions and Withholdings Payable	179,850			179,850
Payable to State Government	<u>-</u>	<u>31,720</u>	-	<u>31,720</u>
 Total Liabilities	 <u>268,859</u>	 <u>123,956</u>	 <u>-</u>	 <u>392,815</u>
Fund Balances				
Restricted				
Capital Reserve	4,007,668			4,007,668
Excess Surplus	4,399,171			4,399,171
Excess Surplus - Designated for Subsequent Year's Budget	4,235,759			4,235,759
Unemployment Compensation	98,370			98,370
Student Activities		108,009		108,009
Unassigned	<u>512,327</u>	<u>-</u>	<u>-</u>	<u>512,327</u>
 Total Fund Balances	 <u>13,253,295</u>	 <u>108,009</u>	 <u>-</u>	 <u>13,361,304</u>
 Total Liabilities and Fund Balances	 <u>\$ 13,522,154</u>	 <u>\$ 231,965</u>	 <u>\$ -</u>	 <u>\$ 13,754,119</u>

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

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

Total Fund Balances - Governmental Funds (Exhibit B-1) \$ 13,361,304

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 \$14,747,103 and the accumulated depreciation is \$7,728,041. 7,019,062

Amounts resulting from the refunding of debt and net pension liabilities are reported as deferred inflows and outflows of resources on the statement of net position and amortized over the life of the debt.

Deferred Inflows of Resources			
Net Pension Liability	\$	(1,799,219)	
Deferred Outflows of Resources			
Net Pension Liability		532,601	
Debt Refunding		4,373	
			(1,262,245)

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (10,575)

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

Serial Bonds Payable, Net	(716,538)	
Net Pension Liability	(3,823,379)	
Compensated Absences	(665,925)	
		(5,205,842)

Net Position of Governmental Activities (Exhibit A-1) \$ 13,901,704

TOTOWA 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				
Local Tax Levy	\$ 16,126,544		\$ 719,800	\$ 16,846,344
Tuition	129,160			129,160
Investment Earnings	7,059			7,059
Miscellaneous	27,047	\$ 22,013	-	49,060
Total - Local Sources	<u>16,289,810</u>	<u>22,013</u>	<u>719,800</u>	<u>17,031,623</u>
State Sources	3,543,072	206,404		3,749,476
Federal Sources	41,859	648,474	-	690,333
Total Revenues	<u>19,874,741</u>	<u>876,891</u>	<u>719,800</u>	<u>21,471,432</u>
EXPENDITURES				
Current				
Regular Instruction	7,668,671	\$ 334,404		8,003,075
Special Education Instruction	1,235,820	221,157		1,456,977
Other Instruction	601,525			601,525
School-Sponsored Activities and Athletics		11,019		11,019
Support Services and Undistributed Costs				
Student and Instruction Related Services	2,378,432	267,287		2,645,719
General Administrative Services	582,333			582,333
School Administrative Services	1,145,532			1,145,532
Central Services	572,794			572,794
Plant Operations and Maintenance	2,063,255	32,030		2,095,285
Pupil Transportation	494,673			494,673
Debt Service				
Principal			665,000	665,000
Interest and Other Charges			54,800	54,800
Capital Outlay	253,401	-	-	253,401
Total Expenditures	<u>16,996,436</u>	<u>865,897</u>	<u>719,800</u>	<u>18,582,133</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,878,305</u>	<u>10,994</u>	<u>-</u>	<u>2,889,299</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,878,305	10,994	-	2,889,299
Fund Balance, Beginning of Year (Restated)	<u>10,374,990</u>	<u>97,015</u>	<u>-</u>	<u>10,472,005</u>
Fund Balance, End of Year	<u>\$ 13,253,295</u>	<u>\$ 108,009</u>	<u>\$ -</u>	<u>\$ 13,361,304</u>

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

**TOTOWA 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) \$ 2,889,299

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.

Capital Outlay	\$ 253,401	
Depreciation Expense	<u>(429,682)</u>	
		(176,281)

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 the governmental funds. for these items are measured by the amount of financial resources used (paid):

Amortization of Original Issue Premium	22,422	
Amortization of Deferred Amount on Refunding	(8,497)	
Net Pension Liability	155,551	
Compensated Absences	<u>(15,491)</u>	
		153,985

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Bond Principal		665,000
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>9,975</u>
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Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 3,541,978</u>
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**TOTOWA BOARD OF EDUCATION
 PROPRIETARY FUND
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2021**

	Enterprise Fund - <u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 100,832
Intergovernmental Receivable	
State	1,025
Federal	46,941
Inventory	2,636
Due From Other Funds	<u>28,416</u>
Total Current Assets	<u>179,850</u>
LIABILITIES	
Accounts Payable	<u>23,229</u>
Total Liabilities	<u>23,229</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Commodities Revenue	<u>207</u>
Total Deferred Inflows of Resources	<u>207</u>
Total Liabilities and Deferred Inflows of Resources	<u>23,436</u>
NET POSITION	
Unrestricted	<u>156,414</u>
Total Net Position	<u><u>\$ 156,414</u></u>

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

	Enterprise Fund - <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Non-Reimbursable	\$ 1,956
Other Sales	<u> -</u>
 Total Operating Revenues	 <u>1,956</u>
OPERATING EXPENSES	
Cost of Sales - Reimbursable	158,939
Cost of Sales - Non-Reimbursable	1,605
Salaries & Wages	108,436
Insurance	14,030
Supplies	11,931
Professional Service	2,801
Management Fee	42,324
Miscellaneous	<u>4,348</u>
 Total Operating Expenses	 <u>344,414</u>
 Operating Loss	 <u>(342,458)</u>
NONOPERATING REVENUES	
Federal Sources	
National School Lunch Program	206,115
National Breakfast Program	126,188
Food Distribution Program	32,679
State Sources	
State School Lunch Program	8,493
Interest and Investment Revenue	<u>49</u>
 Total Nonoperating Revenues	 <u>373,524</u>
 Change in Net Position	 31,066
 Net Position, Beginning of Year	 <u>125,348</u>
 Net Position, End of Year	 <u>\$ 156,414</u>

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

**TOTOWA BOARD OF EDUCATION
 PROPRIETARY FUND
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Enterprise Fund - Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 1,956
Cash Payments to Employees for Salaries and Wages	(108,436)
Cash Payments to Suppliers for Goods and Services	<u>(176,519)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(282,999)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>293,432</u>
Net Cash Provided by Noncapital Financing Activities	<u>293,432</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>49</u>
Net Cash Provided by Investing Activities	<u>49</u>
Net Increase in Cash and Cash Equivalents	10,482
Cash and Cash Equivalents, Beginning of Year	<u>90,350</u>
Cash and Cash Equivalents, End of Year	<u>\$ 100,832</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	\$ <u>(342,458)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Food Distribution Program	32,679
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	4,142
Increase/(Decrease) in Deferred Inflows of Resources	(591)
Increase/(Decrease) in Accounts Payable	<u>23,229</u>
Total Adjustments	<u>59,459</u>
Net Cash (Used for) Operating Activities	<u>\$ (282,999)</u>
Non-cash Investing, Capital and Financing Activities:	
Value Received- Food Distribution Program	<u>\$ 32,088</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

B. New Accounting Standards

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

TOTOWA 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)

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 and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

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".

**TOTOWA 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)

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 (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

**TOTOWA 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)

2. *Receivables*

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

3. *Inventories*

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

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

4. *Capital Assets*

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item 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; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused personal and sick leave benefits. A long-term liability of accumulated personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Excess Surplus – 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 Budget - 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.

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 amount are used only after the other resources have been used.

10. *Fund Balance Policies*

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, and 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.

**TOTOWA 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

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

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

4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund 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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April.

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 \$357,721. The increase was funded by grant awards, student activities revenues and the re-appropriation of prior year encumbrances. The increase is also net of a \$63,791 reduction in state aid.

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

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

B. Capital Reserve

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

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

Balance, July 1, 2020	\$ 2,007,403
Increased by:	
Interest Earnings	15
Deposits Approved by Board Resolution	1,000,000
Deposits Approved in District Budget	<u>1,000,250</u>
Balance, June 30, 2021	<u>\$ 4,007,668</u>

The June 30, 2021 LRFP has not been updated, therefore, the balance of local support costs of uncompleted capital projects is unavailable.

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 4% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2021 is \$8,634,930. Of this amount, \$4,235,759 was designated and appropriated in the 2021/2022 original budget certified for taxes and the remaining amount of \$4,399,171 will be appropriated in the 2022/2023 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$13,780,301 and bank and brokerage firm balances of the Board’s deposits amounted to \$14,257,678. The Board's deposits which are displayed on the various fund balance sheets as “cash and cash equivalents” are categorized as:

Depository Account

Insured	<u>\$ 14,257,678</u>
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**TOTOWA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2021 the Board’s bank balances were not exposed to custodial credit risk.

Investments

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

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

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

B. Receivables

Receivables as of June 30, 2021 for the district’s individual major funds in the aggregate, 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:				
Intergovernmental				
Federal		\$ 3,209	\$ 46,941	\$ 50,150
State	\$ 58,468		1,025	59,493
Other Receivables	11,700	1,273	-	12,973
Gross Receivables	70,168	4,482	47,966	122,616
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 70,168</u>	<u>\$ 4,482</u>	<u>\$ 47,966</u>	<u>\$ 122,616</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

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

	Balance, <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance, <u>June 30, 2021</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 130,267				\$ 130,267
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>130,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,267</u>
Capital Assets, Being Depreciated:					
Buildings	11,885,858	\$ 115,631			12,001,489
Improvements Other Than Buildings	665,032	-			665,032
Machinery and Equipment	<u>1,812,545</u>	<u>137,770</u>	<u>-</u>	<u>-</u>	<u>1,950,315</u>
Total Capital Assets Being Depreciated	<u>14,363,435</u>	<u>253,401</u>	<u>-</u>	<u>-</u>	<u>14,616,836</u>
Less Accumulated Depreciation for:					
Buildings	(5,461,203)	(340,650)			(5,801,853)
Improvements Other Than Buildings	(163,106)	(18,011)			(181,117)
Machinery and Equipment	<u>(1,674,050)</u>	<u>(71,021)</u>	<u>-</u>	<u>-</u>	<u>(1,745,071)</u>
Total Accumulated Depreciation	<u>(7,298,359)</u>	<u>(429,682)</u>	<u>-</u>	<u>-</u>	<u>(7,728,041)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,065,076</u>	<u>(176,281)</u>	<u>-</u>	<u>-</u>	<u>6,888,795</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,195,343</u>	<u>\$ (176,281)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,019,062</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental Activities:		
Instruction		
Regular		\$ 305,909
Special		<u>4,381</u>
Total Instruction		<u>310,290</u>
Support Services		
Student Services - Students		34,651
General Administration		38,977
School Administration		17,395
Operation and Maintenance of Plant		17,264
Business and Other Support Services		<u>11,105</u>
Total Support Services		<u>119,392</u>
Total Governmental Funds		<u>429,682</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 429,682</u>

D. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Food Service Fund	General Fund	<u>\$ 28,416</u>
Total		<u>\$ 28,416</u>

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. 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. 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:

\$5,460,000, 2013 Refunding Bonds, due in annual installment of \$705,000 through February 15, 2022, interest at 4.00% \$705,000

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 705,000	\$ 28,200	\$ 733,200
	<u>\$ 705,000</u>	<u>\$ 28,200</u>	<u>\$ 733,200</u>

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 68,358,007
Less: Net Debt	<u>705,000</u>
Remaining Borrowing Power	<u>\$ 67,653,007</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

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

	Balance, July 1, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2021</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 1,370,000		\$ (665,000)	\$ 705,000	\$ 705,000
Add: Unamortized Premiums	<u>33,960</u>	-	<u>(22,422)</u>	<u>11,538</u>	<u>11,538</u>
Total Bonds Payable	1,403,960	-	(687,422)	716,538	716,538
Net Pension Liability	4,375,964	\$ 100,933	(653,518)	3,823,379	
Compensated Absences	<u>650,434</u>	<u>15,491</u>	-	<u>665,925</u>	<u>60,000</u>
 Governmental Activity Long-Term Liabilities	 <u>\$ 6,430,358</u>	 <u>\$ 116,424</u>	 <u>\$ (1,340,940)</u>	 <u>\$ 5,205,842</u>	 <u>\$ 776,538</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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:

Fiscal Year Ended June 30,	District Contribution	Employee Contributions	Amount Reimbursed	Ending Balance
2021	\$ 64,000	\$ 14,065	\$ 26,051	\$ 98,370
2020	None	15,716	15,997	46,307
2019	None	15,439	765	45,921

B. Contingent Liabilities

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

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

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2021, the District had no estimated arbitrage earnings due to the IRS.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

The following represents the membership tiers for PERS:

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

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

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, 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.

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

NOTE 4. OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

The following represent the membership tiers for TPAF:

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

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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

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

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2021	\$ 256,484	\$ 1,690,451	\$ 23,705
2020	236,231	1,302,817	23,105
2019	240,990	1,278,207	18,831

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Contributions)

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$-0-, \$1,174 and \$1,143, respectively for PERS and the State contributed \$1,031, \$1,111 and \$1,491, 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 \$473,080 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 a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

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

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

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

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$3,823,379 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 0.02345 percent, which was a decrease of 0.00084 percent from its proportionate share measured as of June 30, 2019 of .02429 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$100,931 for PERS. The pension contribution made by the District during the current 2020/2021 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 69,617	\$ 13,521
Changes of Assumptions	124,035	1,600,885
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	130,686	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>208,263</u>	<u>184,813</u>
Total	<u>\$ 532,601</u>	<u>\$ 1,799,219</u>

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

Year Ending <u>June 30,</u>	<u>Total</u>
2021	\$ (416,019)
2022	(400,597)
2023	(285,103)
2024	(137,063)
2025	(27,836)
Thereafter	<u>-</u>
	<u>\$ (1,266,618)</u>

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Sensitivity of Net Pension Liability

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

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,812,996</u>	<u>\$ 3,823,379</u>	<u>\$ 2,983,662</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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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 \$2,389,362 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 \$38,423,903. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The nonemployee allocation percentages are based on the ratio of the State's contributions made as and a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was 0.05835 percent, which was a decrease of 0.00531 percent from its proportionate share measured as of June 30, 2019 of 0.06366 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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%

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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 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:

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 45,133,374</u>	<u>\$ 38,423,903</u>	<u>\$ 32,852,813</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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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.

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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

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

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an 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 \$539,811, \$483,321 and \$579,792, 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 \$1,629,003. 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 \$37,459,107. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was 0.06 percent, which was the same proportionate share measured as of June 30, 2019 of 0.06 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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, 2019 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 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% 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%.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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>23,043,314</u>
Changes Recognized for the Fiscal Year:	
Service Cost	995,994
Interest on the Total OPEB Liability	830,405
Differences Between Expected and Actual Experience	6,379,268
Changes of Assumptions	6,842,492
Gross Benefit Payments	(652,132)
Contributions from the Member	19,766
Net Changes	\$ <u>14,415,793</u>
Balance, June 30, 2020 Measurement Date	\$ <u>37,459,107</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.

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>44,254,008</u>	\$ <u>37,459,107</u>	\$ <u>32,061,610</u>

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability (Continued)

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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$ 30,864,635	\$ 37,459,107	\$ 46,188,834

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.

NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

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

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

NOTE 5 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.

NOTE 6 RESTATEMENT

On July 1, 2020, the Totowa Board of Education implemented GASB Statement No. 84 "Fiduciary Activities". The Totowa 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 \$143,322 from \$10,216,404 as previously reported to \$10,359,726 as of June 30, 2020.

Governmental Funds

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll activities previously reported as fiduciary funds to governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$143,322 from \$10,328,683 as previously reported to \$10,472,005 as of June 30, 2020. General Fund fund balance increased \$46,307 from \$10,328,683 as previously reported to \$10,374,990 as of June 30, 2020. Special Revenue Fund fund balance increased \$97,015 from \$0 as previously reported to \$97,015 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 \$46,307 from \$46,307 as previously reported to \$0 as of June 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 16,126,544		\$ 16,126,544	\$ 16,126,544	
Tuition	175,000	-	175,000	129,160	\$ (45,840)
Interest	100,000	-	100,000	6,995	(93,005)
Interest Earned - Capital Reserve	250	-	250	15	(235)
Interest Earned - Unemployment	-	-	-	49	49
Miscellaneous	-	-	-	27,047	27,047
Total Local Sources	<u>16,401,794</u>	<u>-</u>	<u>16,401,794</u>	<u>16,289,810</u>	<u>(111,984)</u>
State Sources					
Special Education Aid	585,730	\$ (63,791)	521,939	521,939	-
Transportation Aid	150,414		150,414	150,414	-
Security Aid	74,363		74,363	74,363	-
Extraordinary Aid				62,310	62,310
Non Public Transportation Reimbursements				12,760	12,760
On-behalf TPAF Pension Payments (Non-Budget) - Pension				1,690,451	1,690,451
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium				32,163	32,163
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.				539,841	539,841
On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins.				1,031	1,031
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	473,080	473,080
Total State Sources	<u>810,507</u>	<u>(63,791)</u>	<u>746,716</u>	<u>3,558,352</u>	<u>2,811,636</u>
Federal Sources					
Medicaid Reimbursements	35,212	-	35,212	41,859	6,647
Total Federal Sources	<u>35,212</u>	<u>-</u>	<u>35,212</u>	<u>41,859</u>	<u>6,647</u>
Total Revenues	<u>17,247,513</u>	<u>(63,791)</u>	<u>17,183,722</u>	<u>19,890,021</u>	<u>2,706,299</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	381,091	26,578	407,669	290,133	117,536
Kindergarten	297,114	47,278	344,392	340,312	4,080
Grades 1-5	2,378,249	(362,217)	2,016,032	1,901,797	114,235
Grades 6-8	1,754,728	143,668	1,898,396	1,887,210	11,186
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	148,060	-	148,060	540	147,520
Purchased Professional - Educational Services	79,948	1	79,949	37,818	42,131
Purchased Technical Services	210,861	44,632	255,493	61,112	194,381
Purchased Properties	40,800	(37,956)	2,844	2,844	-
General Supplies	192,662	(6,677)	185,985	109,368	76,617
Textbooks	5,100	-	5,100	(164)	5,264
Miscellaneous Exp.	20,000	-	20,000	-	20,000
Rentals	77,500	-	77,500	60,659	16,841
Total Regular Programs - Instruction	<u>5,586,113</u>	<u>(144,693)</u>	<u>5,441,420</u>	<u>4,691,629</u>	<u>749,791</u>
Special Education Instruction					
Learning and Language Disabilities					
Salaries of Teachers	166,775	-	166,775	166,537	238
Other Salaries for Instruction	115,050	-	115,050	50,169	64,881
Total Learning and Language Disabilities	<u>281,825</u>	<u>-</u>	<u>281,825</u>	<u>216,706</u>	<u>65,119</u>

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 106,963	\$ -	\$ 106,963	\$ 106,963	\$ -
Other Salaries for Instruction	299,130	(55,545)	243,585	147,230	96,355
Total Multiple Disabilities	406,093	(55,545)	350,548	254,193	96,355
Resource Room/Resource Center					
Salaries of Teachers	250,304	-	250,304	117,745	132,559
Other Salaries for Instruction	92,040	-	92,040	30,762	61,278
Total Resource Room/Resource Center	342,344	-	342,344	148,507	193,837
Preschool Disabilities-Part-Time					
Salaries of Teachers	60,000	62,866	122,866	28,481	94,385
Other Salaries for Instruction	138,060	(62,866)	75,194	1,682	73,512
Total Preschool Disability-Part-Time	198,060	-	198,060	30,163	167,897
Preschool Disabilities-Full-Time					
Salaries of Teachers	27,878	-	27,878	-	27,878
Other Salaries for Instruction	-	-	-	-	-
Total Preschool Disability Full Time	27,878	-	27,878	-	27,878
Total Special Education Instruction	1,256,200	(55,545)	1,200,655	649,569	551,086
Basic Skills/Remedial - Instruction					
Salaries of Teachers	485,894	55,545	541,439	356,272	185,167
Total Basic Skills/Remedial - Instruction	485,894	55,545	541,439	356,272	185,167
Bilingual Education - Instruction					
Salaries of Teachers	-	-	-	-	-
Total Bilingual Education - Instruction	-	-	-	-	-
School Sponsored Co/Extra Curricular Activities					
Salaries	2,000	-	2,000	-	2,000
Other Objects	5,000	-	5,000	-	5,000
Total School Sponsored Co/Extra Curricular Activities	7,000	-	7,000	-	7,000
Instructional Alternative ED Program					
Salaries of Reading Specialists	115,540	-	115,540	1	115,539
Total Instructional Alternative Ed Program	115,540	-	115,540	1	115,539
Total Instruction	7,450,747	(144,693)	7,306,054	5,697,471	1,608,583
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Regular	17,500	4,689	22,189	22,189	-
Tuition to Other LEAs Within the State - Special	281,675	(29,114)	252,561	62,650	189,911
Tuition to Priv. Sch. for the Disabled Within State	513,565	(37,610)	475,955	127,196	348,759
Total Undistributed Expenditures - Instruction	812,740	(62,035)	750,705	212,035	538,670

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 179,510	-	\$ 179,510	\$ 174,310	\$ 5,200
Purchased Professional and Technical Svcs.	144,000	-	144,000	5,270	138,730
Supplies and Materials	6,488	-	6,488	2,791	3,697
Total Health Services	329,998	-	329,998	182,371	147,627
Speech, OT, PT and Related Services					
Salaries	735,364	\$ -	735,364	462,175	273,189
Purchased Professional Educational Services	161,828	-	161,828	8,868	152,960
Total Speech, OT, PT and Related Services	897,192	-	897,192	471,043	426,149
Guidance					
Salaries of Other Professional Staff	96,464	99,693	196,157	196,157	-
Purchased Professional - Educational Services	64,946	200	65,146	10,535	54,611
Other Purchased Prof. and Tech. Services	20,278	(200)	20,078	-	20,078
Supplies and Materials	19,916	(329)	19,587	4,318	15,269
Other Objects	848	330	1,178	1,174	4
Total Guidance	202,452	99,694	302,146	212,184	89,962
Child Study Teams					
Salaries of Other Professional Staff	334,396	(1)	334,395	167,932	166,463
Salaries of Secretarial and Clerical Assistants	57,030	(1)	57,029	57,028	1
Other Salaries	92,000	-	92,000	25,478	66,522
Other Purchased Professional and Tech. Services	21,224	-	21,224	-	21,224
Supplies and Materials	6,326	-	6,326	956	5,370
Other Objects	4,162	-	4,162	1,770	2,392
Total Child Study Teams	515,138	(2)	515,136	253,164	261,972
Improvement of Instructional Services					
Salaries of Secretarial & Clerical Assistants	37,856	-	37,856	37,856	-
Other Salaries	75,000	-	75,000	-	75,000
Total Improvement of Instructional Services	112,856	-	112,856	37,856	75,000

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 326,248	-	\$ 326,248	\$ 242,386	\$ 83,862
Supplies and Materials	25,122	-	25,122	13,047	12,075
Total Educational Media Serv./School Library	<u>351,370</u>	<u>-</u>	<u>351,370</u>	<u>255,433</u>	<u>95,937</u>
Instructional Staff Training Services					
Travel expense	20,000	-	20,000	3,734	16,266
Other Purchased Services	180,000	-	180,000	76,250	103,750
Total Instructional Staff Training Services	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>79,984</u>	<u>120,016</u>
Support Services General Administration					
Salaries	250,906	25,033	275,939	275,136	803
Legal Services	71,382	(25,033)	46,349	26,556	19,793
Audit Fees	30,600	-	30,600	27,444	3,156
Other Purchased Professional Services	25,000	40,000	65,000	15,301	49,699
Communications/Telephone	45,950	-	45,950	33,511	12,439
Miscellaneous Purchased Services	34,869	-	34,869	16,354	18,515
Supplies and materials	15,300	-	15,300	5,468	9,832
BOE In-House Training/Meeting Supplies	7,140	-	7,140	1,249	5,891
Miscellaneous Expenditures	15,975	-	15,975	14,406	1,569
Total Support Services General Administration	<u>497,122</u>	<u>40,000</u>	<u>537,122</u>	<u>415,425</u>	<u>121,697</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	442,575	3,400	445,975	444,915	1,060
Salaries of Secretarial and Clerical Assistants	249,891	-	249,891	249,891	-
Purchased Professional and Technical Svcs.	16,000	1,184	17,184	11,922	5,262
Supplies and Materials	11,000	45,416	56,416	-	56,416
Other Objects	26,000	20,000	46,000	16,136	29,864
Total Support Services School Administration	<u>745,466</u>	<u>70,000</u>	<u>815,466</u>	<u>722,864</u>	<u>92,602</u>
Central Services					
Salaries	371,353	-	371,353	370,860	493
Purchased Professional Services	23,440	-	23,440	23,012	428
Misc. Purchased Services	1,206	-	1,206	424	782
Supplies and Materials	7,500	35,000	42,500	4,164	38,336
Miscellaneous Expenditures	1,530	-	1,530	1,165	365
Total Central Services	<u>405,029</u>	<u>35,000</u>	<u>440,029</u>	<u>399,625</u>	<u>40,404</u>

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Tech.					
Salaries	\$ 12,240	-	\$ 12,240	\$ 9,444	\$ 2,796
Other Objects	2,335	-	2,335	-	2,335
Total Admin. Info. Tech	14,575	-	14,575	9,444	5,131
Required Maintenance For School Facilities					
Salaries	95,689	-	95,689	94,751	938
Cleaning, Repair and Maintenance Services	192,341	\$ (48,389)	143,952	134,128	9,824
General Supplies	90,000	30,499	120,499	120,499	-
Other Objects	25,368	(3,976)	21,392	2,860	18,532
Total Required Maint. For School Facilities	403,398	(21,866)	381,532	352,238	29,294
Custodial Services					
Salaries	932,025	(108,133)	823,892	821,425	2,467
Cleaning, Repair and Maintenance Services	61,150	-	61,150	39,031	22,119
Other Purchased Property Services	22,440	-	22,440	22,440	-
Insurance	90,000	-	90,000	78,420	11,580
General Supplies	58,491	(15,094)	43,397	8,163	35,234
Energy (Natural Gas)	180,405	-	180,405	115,022	65,383
Energy (Electricity)	106,272	94	106,366	74,980	31,386
Other Objects	11,200	-	11,200	6,977	4,223
Total Custodial Services	1,461,983	(123,133)	1,338,850	1,166,458	172,392
Security Services					
Salaries	61,200	-	61,200	-	61,200
Purchased Professional & Technical Services	160,000	-	160,000	116,760	43,240
Total Security Services	221,200	-	221,200	116,760	104,440
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & School) - Reg. (Bet Home & School) - Reg.	35,000	-	35,000	17,286	17,714
Contracted Services - Aid in Lieu Payments - Nonpublic	91,800	-	91,800	32,250	59,550
Contracted Services (Between Home and School) - Vendors	266,420	-	266,420	201,313	65,107
Contracted Services (Other than Between Home and School - Vendors	9,996	-	9,996	-	9,996
Contracted Services - (Spl. Ed. Students) - Joint Agreements	334,375	-	334,375	235,752	98,623
Total Student Transportation Services	737,591	-	737,591	486,601	250,990

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

EXPENDITURES	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 219,402	-	\$ 219,402	\$ 188,419	\$ 30,983
TPAF Contributions - ERIP	52,129	-	52,129	7,469	44,660
Other Retirement Contributions - PERS	255,785	699	256,484	256,484	-
Other Retirement Contributions - DCRP	25,500	-	25,500	23,705	1,795
Unemployment Compensation	10,324	64,000	74,324	11,986	62,338
Workmen's Compensation	322,000	(64,000)	258,000	131,612	126,388
Health Benefits	2,869,765	(699)	2,869,066	2,316,565	552,501
Tuition Reimbursement	10,000	-	10,000	3,519	6,481
Other Employee Benefits	-	45,000	45,000	45,000	-
Total Unallocated Benefits - Employee Benefits	3,764,905	45,000	3,809,905	2,984,759	825,146
On-behalf TPAF Pension Payments (Non-Budget) - Pension				1,690,451	(1,690,451)
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium				32,163	(32,163)
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.				539,841	(539,841)
On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins.				1,031	(1,031)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	473,080	(473,080)
Total On-Behalf Payments	-	-	-	2,736,566	(2,736,566)
Total Undistributed Expenditures	11,673,015	82,658	11,755,673	11,094,810	660,863
Total Expenditures - Current Expenditures	19,123,762	(62,035)	19,061,727	16,792,281	2,269,446
CAPITAL OUTLAY					
Equipment					
Regular Instruction		-			-
School Administration	9,000	-	9,000		9,000
Required Maintenance for School Facilities	-	-	-	-	-
Total Equipment	9,000	-	9,000	-	9,000
Facilities Acquisition and Construction Services					
Custodial Services	19,000	-	19,000		19,000
Other Purchased Professional and Technical Services	10,000	-	10,000		10,000
Construction Services	820,154	(63,791)	756,363	115,631	640,732
Other Objects (Debt Service Assessment)	38,436	-	38,436	38,436	-
Total Facilities Acquisition and Construction Services	887,590	(63,791)	823,799	154,067	669,732
Increase in Capital Reserve	1,000,000	-	1,000,000	-	1,000,000
Interest Deposit to Capital Reserve	250	-	250	-	250
Total Capital Outlay	1,896,840	(63,791)	1,833,049	154,067	1,678,982
Transfer to Charter School	50,805	40,875	91,680	50,088	41,592
Total Expenditures	21,071,407	(84,951)	20,986,456	16,996,436	3,990,020
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(3,823,894)	21,160	(3,802,734)	2,893,585	6,696,319
Other Financing Sources (Uses)					
Operating Transfer In	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	\$ (3,823,894)	\$ 21,160	\$ (3,802,734)	\$ 2,893,585	\$ 6,696,319
Fund Balance, Beginning of Year (Restated)	<u>10,492,848</u>	<u>-</u>	<u>10,492,848</u>	<u>10,492,848</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,668,954</u>	<u>\$ 21,160</u>	<u>\$ 6,690,114</u>	<u>\$ 13,386,433</u>	<u>\$ 6,696,319</u>

Recapitulation of Fund Balance

Restricted	
Capital Reserve	\$ 4,007,668
Excess Surplus	4,399,171
Excess Surplus - Designated in Subsequent Year's Budget	4,235,759
Unemployment Compensation	98,370
Unassigned	<u>645,465</u>
	13,386,433
Reconciliation to Governmental Funds Statements (GAAP):	
Less: State Aid Payments Not Recognized on GAAP Basis	<u>(133,138)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 13,253,295</u>

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 130,491	\$ 115,942	\$ 246,433	\$ 206,404	\$ (40,029)
Federal	367,399	315,611	683,010	648,474	(34,536)
Local Sources	-	11,019	11,019	22,013	10,994
	<u>497,890</u>	<u>442,572</u>	<u>940,462</u>	<u>876,891</u>	<u>(63,571)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	158,410	(15,336)	143,074	143,074	-
Tuition	179,066	34,104	213,170	213,170	-
General Supplies	5,414	128,363	133,777	133,616	161
Textbooks	7,927	3,741	11,668	11,666	2
Student Activities	-	11,019	11,019	11,019	-
	<u>350,817</u>	<u>161,891</u>	<u>512,708</u>	<u>512,545</u>	<u>163</u>
Support Services					
Personal Services-Employee Benefits		54,646	54,646	54,646	-
Purchased Prof./Ed. Services	99,779	153,339	253,118	196,916	56,202
Other Purchased Services	9,355	6,214	15,569	10,000	5,569
Miscellaneous Purchased Services	14,899	4,787	19,686	8,800	10,886
Supplies and Materials	23,040	61,695	84,735	82,990	1,745
	<u>147,073</u>	<u>280,681</u>	<u>427,754</u>	<u>353,352</u>	<u>74,402</u>
Total Expenditures	<u>497,890</u>	<u>442,572</u>	<u>940,462</u>	<u>865,897</u>	<u>74,565</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	10,994	10,994
Fund Balances, Beginning of Year (Restated)				<u>97,015</u>	
Fund Balances, End of Year				<u>\$ 108,009</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 108,009</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 19,890,021	(C-2) \$ 876,891
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Current Year		
State Aid payment not recognized for budgetary purposes, recognized for GAAP statements - Prior Year	117,858	
State Aid payment and extraordinary aid recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(133,138)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>19,874,741</u>	\$ <u>876,891</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>16,996,436</u>	(C-2) \$ <u>865,897</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>16,996,436</u>	\$ <u>865,897</u>

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

**TOTOWA 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)	0.02345%	0.02428%	0.02423%	0.02370%	0.02124%	0.02283%	0.02100%	0.02581%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,823,379	\$ 4,375,964	\$ 4,770,366	\$ 5,516,147	\$ 6,293,075	\$ 5,126,424	\$ 3,931,843	\$ 4,933,157
District's Covered-Employee Payroll	\$ 1,764,024	\$ 1,735,865	\$ 1,707,445	\$ 1,680,287	\$ 1,619,960	\$ 1,494,545	\$ 1,490,126	\$ 1,665,683
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	216.74%	252.09%	279.39%	328.29%	388.47%	343.01%	263.86%	296.16%
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.

TOTOWA BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT 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	\$ 256,484	\$ 236,231	\$ 240,990	\$ 219,522	\$ 188,765	\$ 196,336	\$ 180,156	\$ 194,487
Contributions in Relation to the Contractually Required Contribution	<u>256,484</u>	<u>236,231</u>	<u>240,990</u>	<u>219,522</u>	<u>188,765</u>	<u>196,336</u>	<u>180,156</u>	<u>194,487</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 1,733,427	\$ 1,764,024	\$ 1,735,865	\$ 1,707,445	\$ 1,680,287	\$ 1,619,960	\$ 1,494,545	\$ 1,490,126
Contributions as a Percentage of Covered-Employee Payroll	14.79%	13.38%	13.87%	12.85%	11.22%	12.11%	12.04%	13.05%

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.

**TOTOWA 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)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 38,423,903</u>	<u>\$ 39,067,535</u>	<u>\$ 40,561,924</u>	<u>\$ 47,331,817</u>	<u>\$ 52,964,633</u>	<u>\$ 42,074,874</u>	<u>\$ 35,984,913</u>	<u>\$ 34,572,836</u>
Total	<u>\$ 38,423,903</u>	<u>\$ 39,067,535</u>	<u>\$ 40,561,924</u>	<u>\$ 47,331,817</u>	<u>\$ 52,964,633</u>	<u>\$ 42,074,874</u>	<u>\$ 35,984,913</u>	<u>\$ 34,572,836</u>
District's Covered-Employee Payroll	\$ 6,755,974	\$ 6,510,845	\$ 6,240,719	\$ 6,583,720	\$ 6,414,786	\$ 7,027,176	\$ 6,566,592	\$ 6,432,436
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee 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%	28.74%	33.64%	33.76%

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

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

**TOTOWA 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 4d.

**TOTOWA 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	\$ 995,994	\$ 989,794	\$ 1,112,205	\$ 1,320,216
Interest on Total OPEB Liability	830,405	1,052,856	1,148,107	997,819
Changes of Benefit Terms				
Differences Between Expected and Actual Experience	6,379,268	(5,212,236)	(3,269,243)	
Changes of Assumptions	6,842,492	343,578	(3,047,401)	(4,134,865)
Gross Benefit Payments	(652,132)	(707,361)	(710,090)	(873,399)
Contribution from the Member	<u>19,766</u>	<u>20,968</u>	<u>24,542</u>	<u>32,161</u>
Net Change in Total OPEB Liability	14,415,793	(3,512,401)	(4,741,880)	(2,658,068)
Total OPEB Liability - Beginning	<u>23,043,314</u>	<u>26,555,715</u>	<u>31,297,595</u>	<u>33,955,663</u>
Total OPEB Liability - Ending	<u>\$ 37,459,107</u>	<u>\$ 23,043,314</u>	<u>\$ 26,555,715</u>	<u>\$31,297,595</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>37,459,107</u>	<u>23,043,314</u>	<u>26,555,715</u>	<u>31,297,595</u>
Total OPEB Liability - Ending	<u>\$ 37,459,107</u>	<u>\$ 23,043,314</u>	<u>\$ 26,555,715</u>	<u>\$31,297,595</u>
District's Covered-Employee Payroll	<u>\$ 8,519,998</u>	<u>\$ 8,246,710</u>	<u>\$ 7,948,164</u>	<u>\$ 8,264,007</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%

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

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

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

**TOTOWA 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 4E.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	ESSA		IDEA Part B		CARES	Digital Divide	Nonpublic Coronavirus Relief Fund	Coronavirus Relief Fund	Chapter 192	Chapter 193			Nonpublic Nursing	Nonpublic Textbook	Nonpublic Security	Student Activities	Total
	Title I	Title II-A	Basic	Preschool					Comp. Education	Corrective Speech	Exam. & Classification	Supplemental Instruction					
REVENUES																	
Intergovernmental																	
Federal	\$ 162,508	\$ 36,614	\$ 256,178	\$ 8,598	\$ 45,053	\$ 80,379	\$ 8,184	\$ 50,960	\$ 86,594	\$ 16,405	\$ 25,815	\$ 25,094	\$ 8,800	\$ 11,666	\$ 32,030		\$ 648,474
State																	206,404
Local Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		22,013
Total Revenues	\$ 162,508	\$ 36,614	\$ 256,178	\$ 8,598	\$ 45,053	\$ 80,379	\$ 8,184	\$ 50,960	\$ 86,594	\$ 16,405	\$ 25,815	\$ 25,094	\$ 8,800	\$ 11,666	\$ 32,030	\$ 22,013	\$ 876,891
EXPENDITURES																	
Instruction																	
Salaries of Teachers	\$ 112,505	\$ 22,582		\$ 7,987													\$ 143,074
Tuition			\$ 213,170														213,170
General Supplies					\$ 45,053	\$ 80,379	\$ 8,184										133,616
Textbooks													\$ 11,666				11,666
Student Activities																	\$ 11,019
Total Instruction	112,505	22,582	213,170	7,987	45,053	80,379	8,184	-	-	-	-	-	-	11,666	-	11,019	512,545
Support Services																	
Salaries																	-
Personal Services - Employee Benefits	45,003	9,032		611													54,646
Purchased Prof./Ed. Services			43,008						\$ 86,594	\$ 16,405	\$ 25,815	\$ 25,094					196,916
Other Purchased Services	5,000	5,000															10,000
Miscellaneous Purchased Services													\$ 8,800				8,800
Supplies and Materials								\$ 50,960							\$ 32,030		82,990
Total Support Services	50,003	14,032	43,008	611	-	-	-	50,960	86,594	16,405	25,815	25,094	8,800	-	32,030	-	353,352
Total Expenditures	\$ 162,508	\$ 36,614	\$ 256,178	\$ 8,598	\$ 45,053	\$ 80,379	\$ 8,184	\$ 50,960	\$ 86,594	\$ 16,405	\$ 25,815	\$ 25,094	\$ 8,800	\$ 11,666	\$ 32,030	\$ 11,019	\$ 865,897
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,994	10,994
Fund Balance, Beginning of the Year (Restated)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	97,015	97,015
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,009	\$ 108,009

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

NOT APPLICABLE

ENTERPRISE FUND

EXHIBIT G-1

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

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

EXHIBIT G-2

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

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

EXHIBIT G-3

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

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

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	1/25/2013	\$ 5,460,000	2/15/2022	\$ 705,000	4.000%	\$ 1,370,000	\$ -	\$ 665,000	\$ 705,000
						<u>\$ 1,370,000</u>	<u>\$ -</u>	<u>\$ 665,000</u>	<u>\$ 705,000</u>
							Paid by Budget	<u>\$ 665,000</u>	

**TOTOWA BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

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

REVENUES	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Local Sources					
Local Tax Levy	\$ 719,800	-	\$ 719,800	\$ 719,800	-
 Total Revenues	<u>719,800</u>	<u>-</u>	<u>719,800</u>	<u>719,800</u>	<u>-</u>
 EXPENDITURES					
Regular Debt Service					
Principal	665,000		665,000	665,000	
Interest	54,800	-	54,800	54,800	-
 Total Expenditures	<u>719,800</u>	<u>-</u>	<u>719,800</u>	<u>719,800</u>	<u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
 Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

This part of the Totowa 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.

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

	Fiscal Year Ended									
	2012	2013	2014 (Restated)	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 2,896,557	\$ 3,002,673	\$ 3,340,656	\$ 3,793,083	\$ 4,167,704	\$ 4,485,777	\$ 4,801,155	\$ 5,423,551	\$ 5,804,253	\$ 6,306,897
Restricted	154,563	32,236	21,979	5,687	5,767	5,767	6,124	6,738	2,007,403	4,106,038
Unrestricted	<u>2,328,848</u>	<u>3,044,331</u>	<u>(2,077,189)</u>	<u>(2,502,811)</u>	<u>(2,242,805)</u>	<u>(1,736,407)</u>	<u>(85,496)</u>	<u>1,684,939</u>	<u>2,404,748</u>	<u>3,488,769</u>
Total Governmental Activities Net Position	<u>\$ 5,379,968</u>	<u>\$ 6,079,240</u>	<u>\$ 1,285,446</u>	<u>\$ 1,295,959</u>	<u>\$ 1,930,666</u>	<u>\$ 2,755,137</u>	<u>\$ 4,721,783</u>	<u>\$ 7,115,228</u>	<u>\$ 10,216,404</u>	<u>\$ 13,901,704</u>
Business-Type Activities										
Net Investment in Capital Assets										
Restricted										
Unrestricted	\$ 98,736	\$ 103,054	\$ 115,227	\$ 110,636	\$ 115,354	\$ 139,795	\$ 169,434	\$ 118,940	\$ 125,348	\$ 156,414
Total Business-Type Activities Net Position	<u>\$ 98,736</u>	<u>\$ 103,054</u>	<u>\$ 115,227</u>	<u>\$ 110,636</u>	<u>\$ 115,354</u>	<u>\$ 139,795</u>	<u>\$ 169,434</u>	<u>\$ 118,940</u>	<u>\$ 125,348</u>	<u>\$ 156,414</u>
District-Wide										
Net Investment in Capital Assets	\$ 2,896,557	\$ 3,002,673	\$ 3,340,656	\$ 3,793,083	\$ 4,167,704	\$ 4,485,777	\$ 4,801,155	\$ 5,423,551	\$ 5,804,253	\$ 6,306,897
Restricted	154,563	32,236	21,979	5,687	5,767	5,767	6,124	6,738	2,007,403	4,106,038
Unrestricted	<u>2,427,584</u>	<u>3,147,385</u>	<u>(1,961,962)</u>	<u>(2,392,175)</u>	<u>(2,127,451)</u>	<u>(1,596,612)</u>	<u>83,938</u>	<u>1,803,879</u>	<u>2,530,096</u>	<u>3,645,183</u>
Total District Net Position	<u>\$ 5,478,704</u>	<u>\$ 6,182,294</u>	<u>\$ 1,400,673</u>	<u>\$ 1,406,595</u>	<u>\$ 2,046,020</u>	<u>\$ 2,894,932</u>	<u>\$ 4,891,217</u>	<u>\$ 7,234,168</u>	<u>\$ 10,341,752</u>	<u>\$ 14,058,118</u>

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

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

	Fiscal Year Ended									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 6,985,771	\$ 6,832,422	\$ 6,938,174	\$ 8,621,057	\$ 9,168,993	\$ 10,335,689	\$ 10,708,770	\$ 9,149,053	\$ 8,773,519	\$ 9,286,306
Special Education	1,482,236	1,897,792	2,075,543	2,396,063	2,182,867	2,500,203	2,048,870	1,979,547	1,660,789	1,567,033
Other Instruction	573,051	370,870	262,489	309,226	514,346	217,306	162,033	691,041	633,974	680,308
School Sponsored Activities And Athletics	4,780	3,071	2,025	-	-	-	773	-	-	11,020
Support Services:										
Student & Instruction Related Services	2,273,015	2,502,875	2,608,490	2,998,736	3,022,167	3,417,267	3,336,817	3,053,476	2,699,219	2,933,701
General Administration	705,178	801,427	757,434	564,468	565,830	605,195	616,877	578,068	604,118	636,704
School Administrative Services	745,495	727,904	837,684	930,742	943,181	1,001,594	1,065,105	1,150,795	1,154,285	1,275,294
Other Support Services	455,910	478,021	442,115	459,313	518,059	551,810	623,749	592,734	575,625	604,648
Plant Operations And Maintenance	1,352,130	1,411,469	1,762,510	1,736,065	1,841,354	2,007,867	2,138,460	2,033,351	1,971,183	2,163,808
Pupil Transportation	405,861	381,361	406,677	471,983	514,332	526,669	496,463	480,467	408,969	495,641
Interest On Long-Term Debt	276,942	131,817	117,250	108,632	99,770	90,617	81,202	69,244	50,445	30,901
Total Governmental Activities Expenses	<u>15,260,369</u>	<u>15,539,029</u>	<u>16,210,391</u>	<u>18,596,285</u>	<u>19,370,899</u>	<u>21,254,217</u>	<u>21,279,119</u>	<u>19,777,776</u>	<u>18,532,126</u>	<u>19,685,364</u>
Business-Type Activities:										
Food Service	332,751	354,840	408,029	410,104	430,241	453,086	463,240	534,960	329,168	344,414
Total Business-Type Activities Expense	<u>332,751</u>	<u>354,840</u>	<u>408,029</u>	<u>410,104</u>	<u>430,241</u>	<u>453,086</u>	<u>463,240</u>	<u>534,960</u>	<u>329,168</u>	<u>344,414</u>
Total District Expenses	<u>\$ 15,593,120</u>	<u>\$ 15,893,869</u>	<u>\$ 16,618,420</u>	<u>\$ 19,006,389</u>	<u>\$ 19,801,140</u>	<u>\$ 21,707,303</u>	<u>\$ 21,742,359</u>	<u>\$ 20,312,736</u>	<u>\$ 18,861,294</u>	<u>\$ 20,029,778</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 320,503	\$ 367,690	\$ 245,546	\$ 249,491	\$ 289,742	\$ 297,706	\$ 442,202	\$ 319,356	\$ 219,278	\$ 129,160
Operating Grants And Contributions	2,076,249	2,385,053	2,373,347	4,289,058	4,956,830	6,326,172	6,948,968	5,529,866	4,720,617	6,217,732
Capital Grants And Contributions	44,062	-	55,400	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>2,440,814</u>	<u>2,752,743</u>	<u>2,674,293</u>	<u>4,538,549</u>	<u>5,246,572</u>	<u>6,623,878</u>	<u>7,391,170</u>	<u>5,849,222</u>	<u>4,939,895</u>	<u>6,346,892</u>
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 252,665	\$ 253,558	\$ 277,756	\$ 260,744	\$ 283,479	\$ 314,176	\$ 325,192	\$ 326,347	\$ 222,772	\$ 1,956
Operating Grants And Contributions	88,143	105,446	142,198	144,512	151,226	162,906	165,817	154,904	111,108	373,475
Total Business Type Activities Program Revenues	<u>340,808</u>	<u>359,004</u>	<u>419,954</u>	<u>405,256</u>	<u>434,705</u>	<u>477,082</u>	<u>491,009</u>	<u>481,251</u>	<u>333,880</u>	<u>375,431</u>
Total District Program Revenues	<u>\$ 2,781,622</u>	<u>\$ 3,111,747</u>	<u>\$ 3,094,247</u>	<u>\$ 4,943,805</u>	<u>\$ 5,681,277</u>	<u>\$ 7,100,960</u>	<u>\$ 7,882,179</u>	<u>\$ 6,330,473</u>	<u>\$ 5,273,775</u>	<u>\$ 6,722,323</u>

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

	Fiscal Year Ended									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue										
Governmental Activities	\$ (12,819,555)	\$ (12,786,286)	\$ (13,536,098)	\$ (14,057,736)	\$ (14,124,327)	\$ (14,630,339)	\$ (13,887,949)	\$ (13,928,554)	\$ (13,592,231)	\$ (13,338,472)
Business-Type Activities	8,057	4,164	11,925	(4,848)	4,464	23,996	27,769	(53,709)	4,712	31,017
Total District-Wide Net Expense	<u>\$ (12,811,498)</u>	<u>\$ (12,782,122)</u>	<u>\$ (13,524,173)</u>	<u>\$ (14,062,584)</u>	<u>\$ (14,119,863)</u>	<u>\$ (14,606,343)</u>	<u>\$ (13,860,180)</u>	<u>\$ (13,982,263)</u>	<u>\$ (13,587,519)</u>	<u>\$ (13,307,455)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 12,540,299	\$ 12,791,105	\$ 13,046,927	\$ 13,307,866	\$ 13,996,370	\$ 14,546,578	\$ 14,975,218	\$ 15,416,258	\$ 15,810,337	\$ 16,126,544
Taxes Levied For Debt Service	777,410	657,058	728,724	707,837	722,700	725,750	723,200	720,200	725,600	719,800
Investment Earnings	16,044	12,381	15,145	10,994	9,879	17,787	68,427	146,987	121,632	7,059
Federal and State Aid - Unrestricted				20,320	19,382	30,485	27,776	4,550	-	-
State Aid Restricted for Debt Service									-	-
Miscellaneous Income	2,725	25,014	20,343	13,232	10,703	134,210	59,974	34,004	35,838	27,047
Accrued Interest on Bonds	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>13,336,478</u>	<u>13,485,558</u>	<u>13,811,139</u>	<u>14,060,249</u>	<u>14,759,034</u>	<u>15,454,810</u>	<u>15,854,595</u>	<u>16,321,999</u>	<u>16,693,407</u>	<u>16,880,450</u>
Business-Type Activities:										
Investment Earnings	163	154	248	257	254	445	1,870	3,215	1,696	49
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	<u>163</u>	<u>154</u>	<u>248</u>	<u>257</u>	<u>254</u>	<u>445</u>	<u>1,870</u>	<u>3,215</u>	<u>1,696</u>	<u>49</u>
Total District-Wide	<u>\$ 13,336,641</u>	<u>\$ 13,485,712</u>	<u>\$ 13,811,387</u>	<u>\$ 14,060,506</u>	<u>\$ 14,759,288</u>	<u>\$ 15,455,255</u>	<u>\$ 15,856,465</u>	<u>\$ 16,325,214</u>	<u>\$ 16,695,103</u>	<u>\$ 16,880,499</u>
Change in Net Position										
Governmental Activities	\$ 516,923	\$ 699,272	\$ 275,041	\$ 2,513	\$ 634,707	\$ 824,471	\$ 1,966,646	\$ 2,393,445	\$ 3,101,176	\$ 3,541,978
Business-Type Activities	8,220	4,318	12,173	(4,591)	4,718	24,441	29,639	(50,494)	6,408	31,066
	<u>525,143</u>	<u>703,590</u>	<u>287,214</u>	<u>(2,078)</u>	<u>639,425</u>	<u>848,912</u>	<u>1,996,285</u>	<u>2,342,951</u>	<u>3,107,584</u>	<u>3,573,044</u>
Transfer Out	-	-	-	-	-	-	-	-	-	-
Net Change in Net Position										
Governmental Activities	\$ 516,923	\$ 699,272	\$ 275,041	\$ 2,513	\$ 634,707	\$ 824,471	\$ 1,966,646	\$ 2,393,445	\$ 3,101,176	\$ 3,541,978
Business-Type Activities	8,220	4,318	12,173	(4,591)	4,718	24,441	29,639	(50,494)	6,408	31,066
Total District	<u>\$ 525,143</u>	<u>\$ 703,590</u>	<u>\$ 287,214</u>	<u>\$ (2,078)</u>	<u>\$ 639,425</u>	<u>\$ 848,912</u>	<u>\$ 1,996,285</u>	<u>\$ 2,342,951</u>	<u>\$ 3,107,584</u>	<u>\$ 3,573,044</u>

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

	Fiscal Year Ended									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved										
Unreserved										
Restricted	\$ 2,621,684	\$ 3,242,443	\$ 2,964,438	\$ 2,371,990	\$ 2,739,805	\$ 3,580,215	\$ 5,310,412	\$ 7,124,456	\$ 10,065,331	\$ 12,740,968
Committed										
Assigned	187,406	5,963	108,056	111,499	162,500	182,158	350,789	247,040	44,806	-
Unassigned	<u>258,123</u>	<u>243,680</u>	<u>265,039</u>	<u>302,136</u>	<u>348,245</u>	<u>287,057</u>	<u>233,986</u>	<u>265,066</u>	<u>218,546</u>	<u>512,327</u>
Total General Fund	<u>\$ 3,067,213</u>	<u>\$ 3,492,086</u>	<u>\$ 3,337,533</u>	<u>\$ 2,785,625</u>	<u>\$ 3,250,550</u>	<u>\$ 4,049,430</u>	<u>\$ 5,895,187</u>	<u>\$ 7,636,562</u>	<u>\$ 10,328,683</u>	<u>\$ 13,253,295</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	\$ 89,014	\$ 16,770	\$ 16,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,009
Total All Other Governmental Funds	<u>\$ 89,014</u>	<u>\$ 16,770</u>	<u>\$ 16,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,009</u>

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

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 13,317,709	\$ 13,448,163	\$ 13,775,651	\$ 14,015,703	\$ 14,719,070	\$ 15,272,328	\$ 15,698,418	\$ 16,136,458	\$ 16,535,937	\$ 16,846,344
Tuition Charges	320,503	367,690	245,546	249,491	289,742	297,706	442,202	319,356	219,278	129,160
Interest Earnings	16,044	12,381	15,145	10,994	9,879	17,787	68,427	146,987	121,632	7,059
Miscellaneous	4,546	22,122	20,343	13,232	10,703	134,210	59,974	34,004	35,838	49,060
State Sources	1,641,075	2,024,056	1,974,276	2,462,904	2,425,229	2,750,591	2,895,975	3,380,070	3,595,088	3,749,476
Federal Sources	477,415	360,997	399,071	278,048	520,988	416,130	500,135	519,087	237,227	690,333
Total Revenue	15,777,292	16,235,409	16,430,032	17,030,372	17,975,611	18,888,752	19,665,131	20,535,962	20,745,000	21,471,432
Expenditures										
Instruction										
Regular Instruction	6,719,327	6,593,278	6,727,427	7,294,863	7,477,460	7,771,056	8,117,128	7,970,137	7,854,479	8,003,075
Special Education Instruction	1,477,848	1,896,073	2,070,969	2,299,097	2,050,758	2,284,131	1,782,556	1,859,526	1,591,975	1,456,977
Other Instruction	572,725	371,277	262,304	267,071	426,454	165,252	123,298	609,815	584,263	601,525
School Sponsored Activities and Athletics	4,780	3,074	2,025	-	-	-	680	-	-	11,019
Support Services:										
Student and Inst. Related Services	2,242,163	2,477,292	2,579,919	2,753,874	2,653,200	2,782,525	2,690,454	2,758,440	2,529,852	2,645,719
General Administration	671,488	770,520	726,658	530,967	524,863	547,874	540,515	535,283	573,170	582,333
School Administrative Services	730,146	714,698	823,505	837,253	817,145	808,004	850,713	1,035,423	1,084,021	1,145,532
Plant Operations And Maintenance	1,342,083	1,403,577	1,753,108	1,760,685	1,803,898	1,900,429	1,944,303	1,968,310	1,979,800	2,095,285
Pupil Transportation	405,861	381,361	406,677	474,324	513,853	524,751	492,277	479,389	409,335	494,673
Other Support Services	440,839	464,653	428,316	465,525	499,580	506,600	544,131	563,336	575,480	572,794
Capital Outlay	86,268	79,089	74,953	190,784	20,775	73,500	10,119	294,728	144,904	253,401
Debt Service:										
Principal	493,197	508,502	538,822	550,000	565,000	585,000	600,000	615,000	645,000	665,000
Interest and Other Charges	284,756	222,278	190,309	174,200	157,700	140,750	123,200	105,200	80,600	54,800
Bond Issuance Costs	100,606	-	-	-	-	-	-	-	-	-
Total Expenditures	15,572,087	15,885,672	16,584,992	17,598,643	17,510,686	18,089,872	17,819,374	18,794,587	18,052,879	18,582,133
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	205,205	349,737	(154,960)	(568,271)	464,925	798,880	1,845,757	1,741,375	2,692,121	2,889,299
Other Financing Sources (Uses)										
Serial Bond Proceeds	5,460,000	-	-	-	-	-	-	-	-	-
Premium Interest on Bonds	624,165	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	(5,983,559)	-	-	-	-	-	-	-	-	-
Cancellation of Unexpended SDA Grant	-	2,892	-	-	-	-	-	-	-	-
Transfers In	74,101	18,636	14,131	48	48	76	70	-	-	-
Transfers Out	(74,101)	(18,636)	(14,131)	(48)	(48)	(76)	(70)	-	-	-
Total Other Financing Sources (Uses)	100,606	2,892	-	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ 305,811	\$ 352,629	\$ (154,960)	\$ (568,271)	\$ 464,925	\$ 798,880	\$ 1,845,757	\$ 1,741,375	\$ 2,692,121	\$ 2,889,299
Debt Service as a Percentage of										
Noncapital Expenditures	5.02%	4.62%	4.42%	4.16%	4.13%	4.03%	4.06%	3.89%	4.05%	3.93%

* Noncapital expenditures are total expenditures less capital outlay.

**TOTOWA BOARD OF EDUCATION
GOVERNMENTAL FUNDS OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended <u>June 30</u>	<u>Tuition</u>	Interest on <u>Deposits</u>	<u>Donation</u>	Insurance <u>Refund</u>	Student <u>Activities</u>	<u>Misc.</u>	<u>Total</u>
2021	\$ 129,160	\$ 7,059			\$ 22,013	\$ 27,047	\$ 185,279
2020	219,278	121,632				35,838	376,748
2019	319,356	146,987				34,004	500,347
2018	442,202	68,427	\$ 46,680			13,294	570,603
2017	297,706	17,787	72,800	\$ 45,273		16,137	449,703
2016	289,742	9,831				10,703	310,276
2015	249,491	10,994				13,232	273,717
2014	245,546	15,145				20,343	281,034
2013	367,690	12,381				22,122	402,193
2012	320,503	16,044				4,546	341,093

Source: School District's Financial Statements

**TOTOWA 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	\$ 29,449,300	\$ 1,378,014,500	\$ 900,400	\$ 2,800	\$ 635,098,000	\$ 332,149,500	N/A	\$ 2,375,614,500	\$ 2,717,962	\$ 2,378,332,462	\$ 2,324,179,089	\$ 0.566
2013	27,680,700	1,375,565,900	900,400	2,800	604,639,000	330,052,800	N/A	2,338,841,600	2,405,947	2,341,247,547	2,113,230,027	0.588
2014	44,455,000	1,360,013,300	900,400	2,800	602,371,000	289,825,800	N/A	2,297,568,300	1,910,636	2,299,478,936	1,971,601,591	0.610
2015	44,758,200	1,357,951,300	900,400	2,800	612,756,900	289,562,300	N/A	2,305,931,900	2,290,124	2,308,222,024	2,156,561,331	0.638
2016	44,294,000	1,357,290,700	900,400	2,800	602,952,000	288,411,200	N/A	2,293,851,100	2,246,233	2,296,097,333	2,216,310,167	0.665
2017	40,939,100	1,356,147,900	900,400	2,800	598,416,900	274,566,700	N/A	2,270,973,800	2,380,814	2,273,354,614	2,114,303,882	0.691
2018	41,158,100	1,360,295,200	900,400	2,800	546,783,500	325,748,700	\$ 356,700	2,275,245,400	-	2,275,245,400	2,118,280,793	0.438
2019	39,230,900	1,367,903,100	900,400	2,800	563,532,600	339,352,600	2,398,200	2,313,320,600	-	2,313,320,600	2,153,729,262	0.458
2020	64,653,500	1,368,634,500	900,400	2,400	589,859,500	366,153,400	6,242,400	2,396,446,100	-	2,396,446,100	2,231,120,101	0.457
2021	60,321,800	1,369,405,200	900,400	4,100	615,337,900	377,154,700	8,642,400	2,431,766,500	-	2,431,766,500	2,377,904,633	0.439

Source: County Abstract of Ratables

^a Tax rates are per \$100

**TOTOWA BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Regional School District</u>	<u>Municipality</u>	<u>County</u>
2021	\$ 2.379	\$ 0.707	\$ 0.439	\$ 0.594	\$ 0.639
2020	2.422	0.703	0.457	0.584	0.678
2019	2.388	0.715	0.458	0.563	0.652
2018	2.383	0.710	0.438	0.553	0.682
2017	2.359	0.691	0.426	0.554	0.688
2016	2.349	0.665	0.418	0.543	0.723
2015	2.284	0.638	0.404	0.534	0.708
2014	2.122	0.610	0.397	0.524	0.591
2013	2.103	0.588	0.401	0.512	0.602
2012	2.060	0.566	0.399	0.474	0.621

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

2021			2012		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
JP Morgan Chase C/O Lereta	79,961,900	3.29%			
Totowa VF LLC C/O Vornado Realty Trust	\$ 54,000,000	2.22%	Fidelity Syndications	\$ 56,514,800	2.38%
Fidelity Syn. C/O Slater Companies	45,180,800	1.86%	Totowa VF, LLC	56,501,300	2.38%
CPT NJ 700 Union LLC	41,377,100	1.70%	Hoffman La Roche, Inc.	32,485,800	1.37%
Prologis USLV Operating PTR LP	23,271,900	0.96%	930 N. Riverview Assoc LLC	24,424,700	1.03%
Abill Realty Corp.	22,365,000	0.92%	Abill Realty	22,362,000	0.94%
50 Madison Road LLC	18,928,400	0.78%	Norwell Land Company	18,500,000	0.78%
Digital Totowa LLC	16,504,800	0.68%	Totowa Plaza Rt 46 LLC	18,355,800	0.77%
Tulfra Hampshire S.S. C/O Paragram	15,600,000	0.64%	Totowa Plaza Rt 46 LLC	17,711,500	0.74%
Taft Associates	15,400,000	0.63%	Mountainview Venture 50 Madison LLC	16,928,400	0.71%
	<u>\$ 252,628,000</u>	<u>10.39%</u>	Taft Associates	16,920,000	0.71%
				<u>\$ 280,704,300</u>	<u>11.81%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 13,317,709	\$ 13,317,709	100.00%	
2013	13,448,163	13,448,163	100.00%	
2014	13,775,651	13,775,651	100.00%	
2015	14,015,703	14,015,703	100.00%	
2016	14,719,070	14,719,070	100.00%	
2017	15,272,328	15,272,328	100.00%	
2018	15,698,418	15,698,418	100.00%	
2019	16,136,458	16,136,458	100.00%	
2020	16,535,937	16,535,937	100.00%	
2021	16,846,344	16,846,344	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Intergovernmental Loan	Capital Leases	Total District		
2012	\$ 5,960,000			\$ 17,324		\$ 5,977,324	10,903	\$ 548
2013	5,460,000			8,822		5,468,822	10,861	504
2014	4,930,000			-		4,930,000	10,797	457
2015	4,380,000			-		4,380,000	10,808	405
2016	3,815,000			-		3,815,000	10,810	353
2017	3,230,000			-		3,230,000	10,817	299
2018	2,630,000			-		2,630,000	10,804	243
2019	2,015,000			-		2,015,000	10,792	187
2020	1,370,000			-		1,370,000	10,797	127
2021	705,000			-		705,000	10,797 *	65

Source: District records

* - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 5,960,000		\$ 5,960,000	0.25%	\$ 547
2013	5,460,000		5,460,000	0.23%	503
2014	4,930,000		4,930,000	0.21%	457
2015	4,380,000		4,380,000	0.19%	405
2016	3,815,000		3,815,000	0.17%	353
2017	3,230,000		3,230,000	0.14%	299
2018	2,630,000		2,630,000	0.12%	243
2019	2,015,000		2,015,000	0.09%	187
2020	1,370,000		1,370,000	0.06%	127
2021	705,000		705,000	0.03%	65

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Totowa School District	\$ 1,370,000	\$ 1,370,000	
Regional School District	1,017,291	1,017,291	
Borough of Totowa	1,690,322	385,000	\$ 1,305,322
	\$ 4,077,613	\$ 2,772,291	1,305,322
Overlapping Debt Apportioned to the Municipality:			
Passaic County: (2) and (3)			
County of Passaic (A)			24,202,236
Passaic County Utilities Authority (B)			2,064,152
Passaic Valley Sewerage Commission (B)			1,985,545
			28,251,933
Total Direct and Overlapping Debt			\$ 29,557,255

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

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

Sources:

- (1) Borough of Totowa 2020 Annual Debt Statement
- (2) PCUA 2020 Audit
- (3) PVSC 2020 Audit

TOTOWA BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized valuation basis	
	2020	\$ 2,331,853,751
	2019	2,375,560,279
	2018	<u>2,128,386,717</u>
		<u>\$ 6,835,800,747</u>
	Average equalized valuation of taxable property	\$ 2,278,600,249
	Debt limit (3 % of average equalization value)	68,358,007
	Total Net Debt Applicable to Limit	<u>68,358,007</u>
	Legal debt margin	<u>\$ 68,358,007</u>

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 73,926,513	\$ 69,964,649	\$ 64,996,589	\$ 62,960,592	\$ 63,776,123	\$ 65,078,636	\$ 65,002,021	\$ 64,027,858	\$ 66,427,432	\$ 68,358,007
Total Net Debt Applicable to Limit	<u>5,977,324</u>	<u>5,468,822</u>	<u>4,930,000</u>	<u>4,380,000</u>	<u>3,815,000</u>	<u>3,230,000</u>	<u>2,630,000</u>	<u>2,015,000</u>	<u>1,370,000</u>	<u>705,000</u>
Legal Debt Margin	<u>\$ 67,949,189</u>	<u>\$ 64,495,827</u>	<u>\$ 60,066,589</u>	<u>\$ 58,580,592</u>	<u>\$ 59,961,123</u>	<u>\$ 61,848,636</u>	<u>\$ 62,372,021</u>	<u>\$ 62,012,858</u>	<u>\$ 65,057,432</u>	<u>\$ 67,653,007</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.09%	7.82%	7.59%	6.96%	5.98%	4.96%	4.05%	3.15%	2.06%	1.03%

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 NJSIA 18A:24-19 for a K through 12 district, other % limits would be applicable for other district types.

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>School District Population</u>
2020	12.0%	N/A	10,797
2019	4.3%	\$ 52,129	10,792
2018	5.0%	50,570	10,804
2017	5.2%	48,152	10,817
2016	5.3%	47,547	10,810
2015	5.9%	46,840	10,808
2014	6.8	45,053	10,797
2013	8.2	43,120	10,861
2012	7.3	42,804	10,903
2011	7.5	42,086	10,887

Source: United States Bureau of Census - Population Division NJ Department of Labor,
Bureau of Labor Force Statistics

N/A - Updated information not available

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

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

TOTOWA 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	69	65	68	67	68	69	68	70	68	68
Special Education	19	20	13	13	17	16	8	6	7	7
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	13	13	17	11	13	14	15	15	14	13
General Administration	9	9	2	2	2	2	2	2	2	2
School Administrative Services	9	9	9	13	8	7	8	9	9	9
Other Administrative Services										
Central Services	4	4	4	4	4	4	4	4	4	4
Administrative Information Technology										
Plant Operations And Maintenance	13	13	15	17	17	17	18	18	16	18
Pupil Transportation										
Other Support Services										
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	<u>136</u>	<u>133</u>	<u>128</u>	<u>127</u>	<u>129</u>	<u>129</u>	<u>123</u>	<u>124</u>	<u>120</u>	<u>121</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2012	995	\$ 14,607,260	\$ 14,681	8.99%	88	1:12	1:12	N/A	990	945	-3.60%	95.45%
2013	1,013	15,075,803	14,882	1.37%	85	1:12	1:12	N/A	1,015	962	2.53%	94.78%
2014	1,059	15,747,891	14,871	-0.08%	87	1:12	1:12	N/A	1,057	1,008	4.14%	95.36%
2015	1,083	16,683,659	15,405	3.59%	85	1:12	1:12	N/A	1,071	1,022	1.32%	95.42%
2016	1,099	16,767,211	15,257	-0.96%	86	1:12	1:12	N/A	1,084	1,035	1.21%	95.48%
2017	1,057	17,290,622	16,358	7.22%	85	1:12	1:12	N/A	1,043	995	-3.78%	95.40%
2018	1,040	17,086,055	16,429	0.43%	76	1:12	1:12	N/A	1,015	967	-2.68%	95.27%
2019	975	17,779,659	18,236	11.00%	76	1:12	1:12	N/A	970	930	-4.43%	95.88%
2020	938	17,182,375	18,318	0.45%	75	1:12	1:12	N/A	986	955	1.65%	96.86%
2021	908	17,608,932	19,393	5.87%	75	1:12	1:12	N/A	913	886	-7.40%	97.04%

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.

TOTOWA 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>										
Square Feet	62,152	62,152	62,152	62,152	62,152	62,152	62,152	62,152	62,152	62,152
Capacity (students)										
Enrollment	351	350	395	414	404	373	387	354	294	291
<u>Middle School</u>										
Square Feet	89,822	89,822	89,822	89,822	89,822	89,822	89,822	89,822	89,822	89,822
Capacity (students)										
Enrollment	539	660	662	669	688	684	647	621	644	617
Number of Schools at June 30, 2021										
Elementary =	1	1	1	1	1	1	1	1	1	1
Middle School =	1	1	1	1	1	1	1	1	1	1
Senior High School =										
Other =										

Source: District Records

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
School Facilities	Project #										
Memorial School	N/A	\$ 151,010	\$ 141,560	\$ 115,331	\$ 116,820	\$ 127,120	\$ 125,183	\$ 117,348	\$ 89,731	\$ 92,804	\$ 109,743
Washington Park School	N/A	<u>201,228</u>	<u>139,233</u>	<u>135,880</u>	<u>113,295</u>	<u>116,959</u>	<u>121,082</u>	<u>111,115</u>	<u>110,358</u>	<u>150,263</u>	<u>140,008</u>
Grand Total		<u>\$ 352,238</u>	<u>\$ 280,793</u>	<u>\$ 251,211</u>	<u>\$ 230,115</u>	<u>\$ 244,079</u>	<u>\$ 246,265</u>	<u>\$ 228,463</u>	<u>\$ 200,089</u>	<u>\$ 243,067</u>	<u>\$ 249,751</u>

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Source: School District Financial Statements

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

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group		
<i>Property</i>		
Blanket Real and Personal Property	\$ 500,000,000.00	\$ 5,000.00
Blanket Extra Expense	\$ 50,000,000.00	\$ 5,000.00
Blanket Valuable Papers and Records	\$ 10,000,000.00	\$ 5,000.00
Demolition and Increased Cost of Construction	\$ 25,000,000.00	
Pollutant Cleanup and Removal	\$ 250,000.00	
Flood Zones	\$ 75,000,000.00	\$ 10,000.00
Earthquake	\$ 50,000,000.00	
Terrorism	\$ 1,000,000.00	
<i>Electronic Data Processing</i>		
Blanket Hardware/Software	\$ 100,000.00	\$ 1,000.00
Blanket Extra Expense	Included	
Flood	\$ 500,000.00	\$ 10,000.00
<i>Equipment Breakdown</i>		
Combined Single Limit per Accident for Property Damage and Business Income	\$ 100,000,000.00	\$ 5,000.00
<i>Crime</i>		
Public Employee Dishonesty with Faithful Performance	\$ 500,000.00	\$ 1,000.00
Theft, Disappearance and Destruction	\$ 50,000.00	\$ 1,000.00
Forgery or Alteration	\$ 50,000.00	\$ 1,000.00
Computer Fraud	\$ 50,000.00	\$ 1,000.00
Public Officials Bond		
Board Secretary	\$ 250,000.00	\$ 1,000.00
Treasurer of School Monies		
<i>Comprehensive General Liability</i>		
Bodily Injury and Property Damage	\$ 11,000,000.00	
Personal Injury and Advertising Injury	\$ 11,000,000.00	
Employee Benefits Liability	\$ 11,000,000.00	\$ 1,000.00
<i>Automobile</i>		
Combined Single Limit per Accident for Property Damage	\$ 11,000,000.00	
Uninsured/Underinsured Motorists - Private Passenger Auto	\$ 1,000,000.00	
Personal Injury Protection	\$ 250,000.00	
Physical Damage		\$ 1,000.00

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
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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
Totowa Board of Education
Totowa, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Totowa 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 Totowa Board of Education's basic financial statements and have issued our report thereon dated January 31, 2022.

Internal Control Over Financial Reporting

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Totowa 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 Totowa Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 31, 2022



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, 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 Education
Totowa Board of Education
Totowa, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Totowa 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 Totowa Board of Education’s major federal and state programs for the fiscal year ended June 30, 2021. The Totowa 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 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 Totowa 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 Totowa 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 Totowa Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Totowa 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 Totowa 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 Totowa 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 Totowa 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.

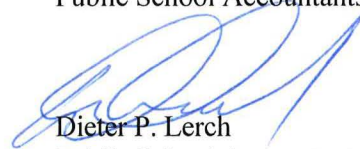
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Totowa Board of Education, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 31, 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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 31, 2022

TOTOWA 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	FAIN Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2020	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment	Balance, June 30, 2021			MEMO GAAP Receivable
											Accounts Receivable	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture														
Passed-Through State Dept. of Education														
<i>Enterprise Fund</i>														
School Breakfast Program	10.553	211NJ04N1099	N/A	7/1/20-6/30/21	\$ 126,188			\$ 117,220	\$ 126,188		\$ (8,468)			\$ 8,468
School Breakfast Program	10.553	201NJ04N1099	N/A	7/1/19-6/30/20	6,480	\$ (231)		231						
Food Distribution Program														
Non-Cash Assistance	10.555	211NJ04N1099	N/A	7/1/20-6/30/21	32,088			32,088	31,881			\$ 207		
Non-Cash Assistance	10.555	201NJ04N1099	N/A	7/1/19-6/30/20	26,240	798			798					
Cash Assistance	10.555	211NJ04N1099	N/A	7/1/20-6/30/21	206,115			167,642	206,115		(38,473)			38,473
Cash Assistance	10.555	201NJ04N1099	N/A	7/1/19-6/30/20	82,032	(365)		365						
Total U.S. Department of Agriculture						202	-	318,046	364,982	-	(46,941)	207	-	46,941
U.S. Department of Education														
<i>General Fund</i>														
Special Education Medicaid Reimbursement	93.778	2105NJ5MAP	N/A	7/1/20-6/30/21	37,953	-	-	37,953	37,953	-	-	-	-	-
FFCRA/SEMI	93.778	2105NJ5MAP	N/A	1/1/20-12/31/20	3,906			3,906	3,906					3,906
Total General Fund						-	-	41,859	41,859	-	-	-	-	3,906
U.S. Department of Education														
Passed-Through State Dept. of Education														
<i>Special Revenue Fund</i>														
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	IDEA520021	7/1/20-6/30/21	263,474		28,380	252,968	256,178	(28,380)	(38,886)	35,676		3,210
I.D.E.A. Part B, Basic Regular	84.027	H027A180100	IDEA520020	7/1/19-6/30/20	249,542	(5,765)	(28,380)	5,765		28,380				
I.D.E.A. Part B, Preschool	84.173	H173A190114	IDEA520021	7/1/20-6/30/21	8,598			8,598	8,598		-	-		-
I.D.E.A. Part B, Preschool	84.173	H173A180114	IDEA520020	7/1/19-6/30/20	8,595	(3,050)		3,050			-	-		-
Cluster Total - Special Education						(8,815)	-	270,381	264,776	-	(38,886)	35,676	-	3,210
ESSA - Title I	84.010	S010A190030	ESSA520021	7/1/20-6/30/21	163,881		\$ 1,693	162,508	162,508	\$ (1,693)	(3,066)	3,066		-
ESSA - Title I	84.010	S010A180030	ESSA520020	7/1/19-6/30/20	160,526	(13,427)	(1,693)	13,427		1,693				
ESSA - Title II-A	84.367	S367A190029	ESSA520021	7/1/20-6/30/21	39,117			36,614	36,614		(2,503)	2,503		-
ESSA - Title II-A	84.367	S367A180029	ESSA520020	7/1/19-6/30/20	37,967	(8,695)		8,695						
ESSA - Title III	84.365A	S365A180030	ESSA520021	7/1/20-6/30/21	1,439						(1,439)	1,439		-
ESSA - Title IV Part A	84.424A	S424A180031	ESSA520021	7/1/20-6/30/21										
Total - ESSA						(22,122)	-	221,244	199,122	-	(7,008)	7,008	-	-
<i>Elementary and Secondary School Emergency Relief (ESSER)</i>														
<i>Coronavirus Aid, Relief, and Economic Security (CARES) Act</i>														
CARES	84.425	S425D200027		7/1/19-6/30/23	137,405	(91,741)		136,794	45,053		(611)	611		-
Digital Divide	84.425D	S377A150051		7/16/20-10/31/20	80,416			80,379	80,379		(37)	37		-
<i>Elementary and Secondary School Emergency Relief (ESSER II)</i>														
<i>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act</i>														
ESSER II	84.425D	S425D210027		3/13/20-9/30/23	464,282						(464,282)	464,282		-
Learning Acceleration	84.425D	S425D210027		3/13/20-9/30/23	29,795						(29,795)	29,795		-
Mental Health	84.425D	S425D210027		3/13/20-9/30/23	45,000						(45,000)	45,000		-
<i>Coronavirus Relief Fund</i>														
Nonpublic Coronavirus Relief Fund	21.019	S425D200027			8,309			8,184	8,184		(125)	125		-
Coronavirus Relief Fund	21.019				50,960			50,960	50,960					-
Total - Covid Grants						(91,741)	-	276,317	184,576	-	(539,850)	539,850	-	-
Total Special Revenue Fund						(122,678)	-	767,942	648,474	-	(585,744)	582,534	-	3,210
Total Federal Awards						\$ (122,476)	\$ -	\$ 1,127,847	\$ 1,055,315	\$ -	\$ (632,685)	\$ 582,741	\$ -	\$ 4,057

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2020			Budgetary Expenditures	Adjustment/ Refund of Prior Years' Balances	Balance, June 30, 2021			MEMO	
				(Accounts Receivable)/ Deferred Revenue	Due to Grantor	Cash Received			Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Expenditures
State Department of Education													
<i>General Fund</i>													
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 521,939			\$ 472,432	\$ 521,939		\$ (49,507)			*	\$ 521,939
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	492,225	\$ (46,584)		46,584						*	-
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	74,363			67,309	74,363		(7,054)			*	74,363
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	74,363	(7,038)		7,038						*	-
Cluster Total - State Aid Public				(53,622)	-	593,363	596,302	-	(56,561)	-	-	*	596,302
Transportation Aid	21-495-034-5120-015	7/1/20-6/30/21	150,414			136,147	150,414		(14,267)			*	150,414
Transportation Aid	20-495-034-5120-015	7/1/19-6/30/20	150,414	(14,235)		14,235						*	-
Non Public Transportation Reimb.	N/A	7/1/20-6/30/21	12,760			-	12,760		(12,760)			\$	12,760
Clustr Total - Transportation Aid				(14,235)	-	150,382	163,174	-	(27,027)	-	-	*	163,174
Extraordinary Aid	21-100-034-5120-473	7/1/20-6/30/21	62,310				62,310		(62,310)			*	62,310
Extraordinary Aid	20-100-034-5120-473	7/1/19-6/30/20	50,001	(50,001)		50,001						*	-
On-Behalf TPAF - Pension	21-495-034-5094-002	7/1/20-6/30/21	1,690,451			1,690,451	1,690,451					*	1,690,451
On-Behalf TPAF - NCGI Premium	21-100-034-5094-004	7/1/20-6/30/21	32,163			32,163	32,163					*	32,163
On-Behalf TPAF - Post Ret. Med.	21-495-034-5094-001	7/1/20-6/30/21	539,841			539,841	539,841					*	539,841
On-Behalf TPAF - LTDI	21-100-034-5094-004	7/1/20-6/30/21	1,031			1,031	1,031					*	1,031
Reimbursed TPAF Social Security	21-495-034-5094-003	7/1/20-6/30/21	473,080			427,372	473,080		(45,708)			*	473,080
Reimbursed TPAF Social Security	20-495-034-5094-003	7/1/19-6/30/20	478,260	(47,625)	-	47,625						*	-
Total General Fund				(165,483)	-	3,532,229	3,558,352	-	(191,606)	-	-	*	3,558,352
<i>Special Revenue Fund</i>													
Chapter 192 - Auxiliary Services													
ESL	20-100-034-5120-067	7/1/19-6/30/20	2,482		\$ 1,986			\$ 1,986			\$ -	*	-
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	101,026			101,026	86,594				14,432	*	86,594
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	96,532	(19,304)		19,304						*	-
Cluster Total - Chapter 192				(19,304)	1,986	120,330	86,594	1,986	-	-	14,432	*	86,594
Chapter 193 - Handicapped Services:													
Examination & Classification	21-100-034-5120-066	7/1/20-6/30/21	30,470		15,237	30,470	25,815				4,655	*	25,815
Examination & Classification	20-100-034-5120-066	7/1/19-6/30/20	20,452					15,237				*	-
Supplemental Instruction	21-100-034-5120-066	7/1/20-6/30/21	25,094	(5,656)		25,094	25,094					*	25,094
Supplemental Instruction	20-100-034-5120-066	7/1/19-6/30/20	28,332			5,656						*	-
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	16,405	(2,552)		16,405	16,405					*	16,405
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	12,760			2,552						*	-
Cluster Total - Chapter 193				(8,208)	15,237	80,177	67,314	15,237	-	-	4,655	*	67,314
New Jersey Nonpublic Aid:													
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	11,668		1,301	11,668	11,666				2	*	11,666
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	9,909					1,301				*	-
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	19,686			19,686	8,800				10,886	*	8,800
Technology Aid	21-100-034-5120-373	7/1/20-6/30/21	-		313							*	-
Technology Aid	20-100-034-5120-373	7/1/19-6/30/20	6,768					313				*	-
Security Aid	21-100-034-5120-509	7/1/20-6/30/21	33,775		100	33,775	32,030				1,745	*	32,030
Security Aid	20-100-034-5120-509	7/1/19-6/30/20	28,800					100				*	-
Total Special Revenue Fund				(27,512)	18,937	265,636	206,404	18,937	-	-	31,720	*	206,404

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2020			Budgetary Expenditures	Adjustment/ Refund of Prior Years' Balances	Balance, June 30, 2021			MEMO			
				(Accounts Receivable)/ Deferred Revenue	Due to Grantor	Cash Received			Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Expenditures		
<i>Enterprise Fund</i>													*		
National School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	\$ 8,493			\$ 7,468	\$ 8,493		\$ (1,025)				\$ 1,025	\$ 8,493	
National School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	2,627	\$ (6)		6			-					-	
Total Enterprise Fund													*	1,025	8,493
State Financial Assistance Subject to Single Audit Determination				(193,001)	\$ 18,937	3,805,339	3,773,249	\$ 18,937	(192,631)	-	\$ 31,720	\$ 59,493	3,773,249		
On-Behalf TPAF - Pension	21-495-034-5094-002	7/1/20-6/30/21	1,690,451			(1,690,451)	(1,690,451)							(1,690,451)	
On Behalf TPAF - NCGI Premium	21-100-034-5094-004	7/1/20-6/30/21	32,163			(32,163)	(32,163)							(32,163)	
On Behalf TPAF - Post Ret. Med.	21-495-034-5094-001	7/1/20-6/30/21	539,841			(539,841)	(539,841)							(539,841)	
On Behalf TPAF - LTDI	21-100-034-5094-004	7/1/20-6/30/21	1,031	-	-	(1,031)	(1,031)	-	-	-	-	-	-	(1,031)	
Total State Financial Assistance Subject to Major Program Determination				\$ (193,001)	\$ 18,937	\$ 1,541,853	\$ 1,509,763	\$ 18,937	\$ (192,631)	\$ -	\$ 31,720	\$ 59,493	\$ 1,509,763		

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**TOTOWA 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 Totowa 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 \$15,280 for the general fund. There is no adjustment 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	\$ 41,859	\$ 3,543,072	\$ 3,584,931
Special Revenue Fund	648,474	206,404	854,878
Food Service Fund	<u>364,982</u>	<u>8,493</u>	<u>373,475</u>
Total Financial Assistance	<u>\$ 1,055,315</u>	<u>\$ 3,757,969</u>	<u>\$ 4,813,284</u>

**TOTOWA 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 \$473,080 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$1,722,614, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$539,841 and TPAF Long-Term Disability Insurance in the amount of \$1,031 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

A) Type of auditor's report issued: Unmodified

B) Internal control over financial reporting:

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

 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

C) Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

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

Internal Control over compliance:

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

 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of U.S. Uniform Guidance yes X none

Identification of major programs:

<u>CFDA Numbers</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A190100</u>	<u>I.D.E.A. Part B, Basic Regular</u>
<u>84.173</u>	<u>H173A190114</u>	<u>I.D.E.A. Part B, Preschool</u>

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

Auditee qualified as low-risk auditee? X yes no

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

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**TOTOWA 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.

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

This section identifies the status of prior-year findings related to the basic financial statements 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 Letter 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.