

**CLOSTER BOARD OF EDUCATION**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Closter, New Jersey**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
of the  
Closter Board of Education  
Closter, New Jersey  
For The Fiscal Year Ended June 30, 2022**

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

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## **INTRODUCTORY SECTION**

# CLOSTER PUBLIC SCHOOLS

340 Homans Avenue • Closter, New Jersey 07624

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Vincent McHale  
Superintendent of Schools

Floro M. Villanueva Jr.  
Business Administrator/Board Secretary

January 25, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Closter School District (the "District") for the fiscal year ended June 30, 2022 is hereby submitted. This Annual Comprehensive Financial Report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual 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 basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of NJ OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. It completed the 2021-2022 fiscal year with an enrollment of 1,189 students, which is 10 more students than the previous year. The following details the changes in the District's student enrollment over the last 10 years.



<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-2013	1,123	(0.35)
2013-2014	1,118	(0.44)
2014-2015	1,120	0.18
2015-2016	1,114	(0.54)
2016-2017	1,155	3.68
2017-2018	1,167	1.04
2018-2019	1,233	5.65
2019-2020	1,223	(0.81)
2020-2021	1,179	(3.59)
2021-2022	1,189	0.85

**2. ECONOMIC CONDITION AND OUTLOOK:** Known as, "The Historic Hub of the Northern Valley," the Borough of Closter is situated below the Palisades in the northeastern part of Bergen County, New Jersey. Closter is a stable, attractive community with an estimated population of 8,638. The median household income of its residents is \$143,937, and the average home is assessed at \$722,941. Approximately 90% of Closter's working residents are employed in the following job types: management, business and financial operations; professional and related; sales and office; service. Furthermore, 95% of Closter's adult population graduated from high school and 62% have a bachelor's degree or higher. As of the 2020 United States Census, 55% of the population are Caucasians and nearly 34% of Closter's residents are of Asian origins. Although Closter is located just 15 miles from New York City, it maintains a local pride in its community, its schools, and in the many services that it offers its residents.

**3. MAJOR INITIATIVES and NOTABLE ACHIEVEMENTS:** For SY 2021-2022, Closter Public Schools through our operating budget and utilizing various grants, were able to provide academic assistance programs in the areas of Language Arts and Math during after school hours. We also offered programs of support in Language Arts, Math, STEM and Arts in the summer of 2021. To support students and staff wellness, both schools organized Wellness Wednesdays, with teachers and staff participating in activities including mindfulness, making health choices and diet and exercise. Tenakill Middle School is on the second year of assessing students throughout the year using benchmark assessments in Language Arts and Math using LinkIt. We focused our Language Arts and Math professional development on understanding, analyzing and incorporating data. A grant paid counselor was included in the budget to help meet the needs of our students. The district also focused on diversity by creating a district-wide plan that set goals for the schools, classroom, and for individual staff members.

Closter Public Schools ranked in the top 5% of all schools in New Jersey. The district was named a 2022 Best Community for Music Education by NAMM and Hillside Elementary School was named a National Blue Ribbon School in fall of 2021.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as a reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2022.

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

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

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

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

Respectfully submitted,

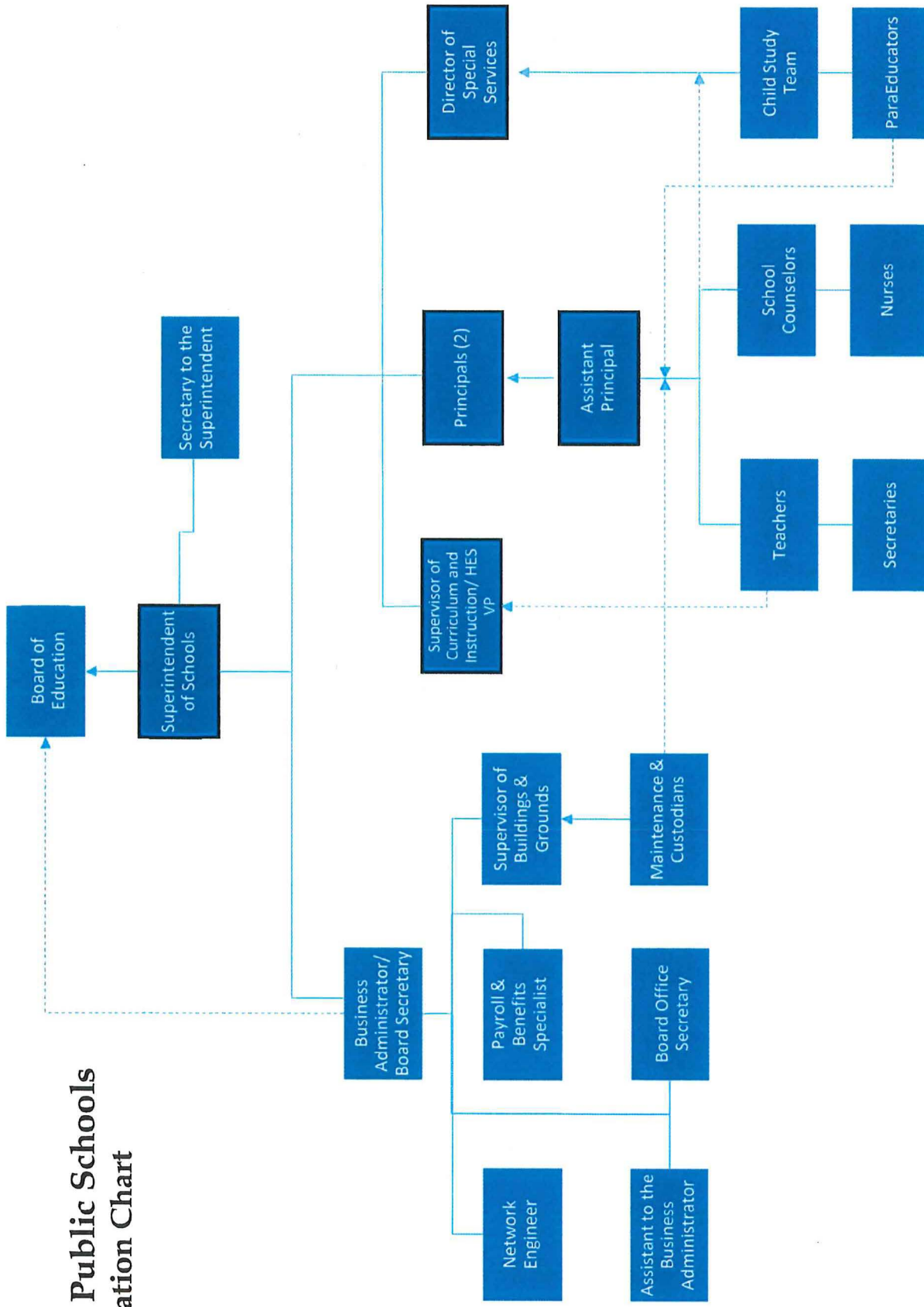
Vincent McHale

Vincent McHale  
Superintendent of Schools  
Closter Public Schools



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

# Cluster Public Schools Organization Chart



Indicates evaluative capacity as defined by ACHIEVE NJ

# CLOSTER BOARD OF EDUCATION

## BERGEN COUNTY, NEW JERSEY

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### *Roster of Officials*

#### **President**

Melody Finkelstein

#### **Term Expires**

2023

#### **Vice-President**

Magaly Cross

2022

#### **Members of the Board of Education**

Mary Elizabeth Fanelli

2024

Ruchi Kothari

2022

Chris Kwon

2023

Janine Micera

2022

Lukshmi Puttanniah

2023

Sheryl Wagner

2024

Janice Ja-Kyong Yeoh

2024

#### **Superintendent of Schools**

Vincent McHale

#### **School Business Administrator/Board Secretary**

Floro M. Villanueva Jr.

**CLOSTER BOARD OF EDUCATION**  
Consultants and Advisors

**Architect**

DiCara Rubino Architects  
30 Galesi Drive – West Wing  
Wayne, NJ 07470

**Audit Firm**

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

**Attorneys**

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

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

**Official Depository**

Capital One Bank  
710 Route 46 East  
Fairfield, NJ 07004

**FINANCIAL SECTION**



# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, 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, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

#### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Closter Board of Education as of June 30, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Closter Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Closter Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



## ***Auditor's Responsibilities for the Audit of Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Closter Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Closter Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 is the responsibility of management and 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Closter Board of Education’s basic financial statements. The accompanying 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 Closter Board of Education. Such information is the responsibility of management and was derived from and relate 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2023 on our consideration of the Closter Board of Education’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Closter Board of Education’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Closter Board of Education’s internal control over financial reporting and compliance.

*LERCH, VINCI & BLISS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
January 25, 2023

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CLOSTER BOARD OF EDUCATION  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022

As management of the Closter Board of Education (the Board or District) we offer readers of the District's financial statements this narrative overview. Our discussion and analysis of the School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2022. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements including the notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for the 2021-2022 fiscal year include the following:

- The assets and deferred outflows of resources of the Closter Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$17,033,103 (Net Position)
- The District's total net position increased by \$2,352,675 or 16%.
- Overall District revenues were \$29,385,196. General revenues accounted for \$21,392,927 or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,992,269 or 27% of total revenues.
- The school district had \$27,027,394 in expenses for governmental activities; only \$7,983,471 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$21,392,927 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 \$8,437,638. Of this amount, \$5,316,631 is restricted for capital projects, \$400,000 is restricted for required maintenance of District facilities, \$1,000,000 is restricted for excess surplus, \$903,594 is restricted, committed or assigned for other purposes and the remaining amount is the unassigned fund balance of \$817,413.
- The General Fund fund balance at June 30, 2022 was \$8,372,943, an increase of \$1,234,626 compared to the ending fund balance at June 30, 2021 of \$7,138,317.
- The General Fund unassigned budgetary fund balance at June 30, 2022 was \$1,554,805, which represents an increase of \$169,937 when compared to the ending unassigned budgetary fund balance at June 30, 2021 of \$1,384,868.
- The District's total outstanding long-term liabilities decreased by \$1,300,596 during the current fiscal year.

**CLOSTER BOARD OF EDUCATION  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022

**Using this Annual Comprehensive Financial Report (ACFR)**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at significant funds with all other non-major funds presented in one total column. The General Fund is by far the most significant fund.

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021/22? The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in its position. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

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

**CLOSTER BOARD OF EDUCATION  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund and Debt Service Fund. The proprietary funds include the Food Service Fund which is a non-major fund.

**Governmental Funds**

The District's activities are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Enterprise Fund**

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

**The District as a Whole**

The Statement of Net Position provides one perspective of the District as a whole.

The following provides a summary of the District's net position as of June 30, 2022 and 2021.

**CLOSTER BOARD OF EDUCATION  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022

**Net Position  
as of June 30, 2022 and 2021**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>						
Current and Other Assets	\$ 8,781,384	\$ 7,302,313	\$ 1,619	\$ 1,448	\$ 8,783,003	\$ 7,303,761
Capital Assets	13,506,827	13,308,168	-	-	13,506,827	13,308,168
<b>Total Assets</b>	<u>22,288,211</u>	<u>20,610,481</u>	<u>1,619</u>	<u>1,448</u>	<u>22,289,830</u>	<u>20,611,929</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Refunding	4,297	8,591			4,297	8,591
Deferred Amount on Pension Liability	88,110	346,160	-	-	88,110	346,160
<b>Total Deferred Outflows of Resources</b>	<u>92,407</u>	<u>354,751</u>	<u>-</u>	<u>-</u>	<u>92,407</u>	<u>354,751</u>
<b>Liabilities</b>						
Long-Term Liabilities	3,340,205	4,640,801			3,340,205	4,640,801
Other Liabilities	346,919	124,840	-	-	346,919	124,840
<b>Total Liabilities</b>	<u>3,687,124</u>	<u>4,765,641</u>	<u>-</u>	<u>-</u>	<u>3,687,124</u>	<u>4,765,641</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amount on Pension Liability	1,662,010	1,520,611	-	-	1,662,010	1,520,611
<b>Total Deferred Inflows of Resources</b>	<u>1,662,010</u>	<u>1,520,611</u>	<u>-</u>	<u>-</u>	<u>1,662,010</u>	<u>1,520,611</u>
<b>Net Position</b>						
Net Investment in Capital						
Assets	12,971,124	12,506,759			12,971,124	12,506,759
Restricted	5,959,171	4,512,459			5,959,171	4,512,459
Unrestricted	(1,898,811)	(2,340,238)	1,619	1,448	(1,897,192)	(2,338,790)
<b>Total Net Position</b>	<u>\$ 17,031,484</u>	<u>\$ 14,678,980</u>	<u>\$ 1,619</u>	<u>\$ 1,448</u>	<u>\$ 17,033,103</u>	<u>\$ 14,680,428</u>

The District's combined net position was \$17,033,103 and \$14,680,428 on June 30, 2022 and 2021, respectively.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represents amounts reserved for specific purposes by outside parties or state laws and regulations. Unrestricted net position represents amounts available to the district that are neither restricted nor invested in capital assets.



**CLOSTER BOARD OF EDUCATION  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022

The following shows changes in net position for fiscal years 2022 and 2021.

**Changes in Net Position  
For the Years Ended June 30, 2022 and 2021**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 669,854	\$ 399,219	\$ 5,450		\$ 675,304	\$ 399,219
Grants and Contributions	7,209,959	8,869,834	3,348		7,213,307	8,869,834
Capital Grants and Contributions	103,658	47,820			103,658	47,820
General Revenues						
Property Taxes	21,330,775	20,812,655			21,330,775	20,812,655
Other	62,152	116,412	-	\$ 3	62,152	116,415
<b>Total Revenues</b>	<u>29,376,398</u>	<u>30,245,940</u>	<u>8,798</u>	<u>3</u>	<u>29,385,196</u>	<u>30,245,943</u>
<b>Expenses</b>						
Instruction	17,521,561	19,426,504			17,521,561	19,426,504
Support Services						
Student and Instructional Related Svcs.	3,871,088	3,439,990			3,871,088	3,439,990
General, School and Central Administrative Svcs.	2,488,925	2,784,613			2,488,925	2,784,613
Plant Operations and Maintenance	2,713,669	2,484,392			2,713,669	2,484,392
Pupil Transportation	410,408	233,962			410,408	233,962
Interest on Debt	21,743	28,088			21,743	28,088
Food Service	-	-	5,127	-	5,127	-
<b>Total Expenses</b>	<u>27,027,394</u>	<u>28,397,549</u>	<u>5,127</u>	<u>-</u>	<u>27,032,521</u>	<u>28,397,549</u>
<b>Change in Net Position Before Transfer</b>	2,349,004	1,848,391	3,671	3	2,352,675	1,848,394
<b>Transfers</b>	<u>3,500</u>	<u>7,043</u>	<u>(3,500)</u>	<u>(7,043)</u>	<u>-</u>	<u>-</u>
<b>Increase (Decrease) in Net Postion</b>	2,352,504	1,855,434	171	(7,040)	2,352,675	1,848,394
<b>Beginning of Year, Net Position</b>	<u>14,678,980</u>	<u>12,823,546</u>	<u>1,448</u>	<u>8,488</u>	<u>14,680,428</u>	<u>12,832,034</u>
<b>Ending of Year, Net Position</b>	<u>\$ 17,031,484</u>	<u>\$ 14,678,980</u>	<u>\$ 1,619</u>	<u>\$ 1,448</u>	<u>\$ 17,033,103</u>	<u>\$ 14,680,428</u>

**CLOSTER BOARD OF EDUCATION  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022

**Governmental Activities**

The District's total governmental revenues were \$29,376,398 and \$30,245,940 for the years ended June 30, 2022 and 2021, respectively. Property taxes made up 73 and 69 percent of revenues for governmental activities for the District in the fiscal years 2022 and 2021, respectively. Federal, state, and local grants and aid accounted for another 25 and 29 percent of governmental revenue for the years ended June 30, 2022 and 2021, respectively. Charges for services (tuition and student activity fees) made up another 2 and 1 percent for both fiscal years, respectively. The total costs of all governmental programs and services was \$27,027,394 and \$28,397,549 for the years ended June 30, 2022 and 2021, respectively. Instruction comprises 65 and 68 percent of District expenses while support services represent 35% and 31% of District expenses for the years ended June 30, 2022 and 2021, respectively.

**Business-Type Activities**

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

- Food service revenues exceeded expenses and transfers by \$171.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following shows the total cost of services and the net cost of services for the fiscal years ended June 30, 2022 and 2021. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Instruction	\$ 17,521,561	\$ 19,426,504	\$ 11,456,090	\$ 11,988,708
Support Services				
Student and Instruction Related Svcs.	3,871,088	3,439,990	2,863,815	2,503,166
General, School and Central Administrative Svcs.	2,488,925	2,784,613	2,096,326	2,125,115
Plant Operations and Maintenance	2,713,669	2,484,392	2,305,717	2,308,790
Pupil Transportation	410,408	233,962	300,232	126,809
Interest and Other Charges	21,743	28,088	21,743	28,088
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>\$ 27,027,394</b>	<b>\$ 28,397,549</b>	<b>\$ 19,043,923</b>	<b>\$ 19,080,676</b>

**CLOSTER BOARD OF EDUCATION  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022

**Governmental Activities (Cont.)**

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

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General, school and central administrative services include expenses associated with the overall administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

**The District's Funds**

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$30,265,126 and \$27,590,946 and expenditures were \$29,013,220 and \$25,717,912 for the years ended June 30, 2022 and 2021, respectively. During the fiscal year ended June 30, 2021, revenues and other financing sources exceeded expenses by \$1,255,406.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2022 and 2021.

<u>Revenue</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>June 30, 2022</u>	<u>June 30, 2021</u>		
Local Sources	\$ 22,106,660	\$ 21,395,052	\$ 711,608	3.33%
State Sources	7,140,408	5,705,627	1,434,781	25.15%
Federal Sources	1,018,058	490,267	527,791	107.65%
Total	<u>\$ 30,265,126</u>	<u>\$ 27,590,946</u>	<u>\$ 2,674,180</u>	9.69%

**CLOSTER BOARD OF EDUCATION  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022

**The District's Funds (Cont.)**

The following schedule represents a summary of the governmental fund expenditures for the fiscal years ended June 30, 2022 and 2021.

<u>Expenditures</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>June 30, 2022</u>	<u>June 30, 2021</u>		
Current				
Instruction	\$ 18,433,287	\$ 17,334,889	\$ 1,098,398	6.34%
Support Services	9,174,094	7,690,533	1,483,561	19.29%
Capital Outlay	1,116,804	397,110	719,694	181.23%
Debt Service:				
Principal	270,000	270,000	-	0.00%
Interest	<u>19,035</u>	<u>25,380</u>	<u>(6,345)</u>	-25.00%
 Total Expenditures	 <u>\$ 29,013,220</u>	 <u>\$ 25,717,912</u>	 <u>\$ 3,295,308</u>	 12.81%

**General Fund Budgeting Highlights**

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to appropriate additional unassigned fund balance and to prevent over expenditures in specific line item accounts.

For fiscal year 2022 General Fund budgetary revenues and other financing sources exceeded budgetary expenditures increasing budgetary fund balance \$1,339,789. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$169,937 from an unassigned fund balance of \$1,384,868 at June 30, 2021 to \$1,554,805 at June 30, 2022. In addition, the District increased its capital reserve by \$1,325,932 to a balance of \$5,316,631 at June 30, 2022, of which \$570,000 was designated in the 2022-2023 budget for capital outlay projects. The District also increased its maintenance reserve by \$100,000 to a balance of \$400,000 of which \$100,000 was designated in the 2022-2023 budget for required maintenance of school facilities projects.

**CLOSTER BOARD OF EDUCATION  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022

**Capital Assets**

At the end of fiscal years 2022 and 2021, the District's governmental activities had \$13,506,827 and \$13,308,168, respectively invested in land, buildings, furniture, equipment and vehicles, net of accumulated depreciation. The following shows fiscal year 2022 balances compared to 2021.

**Capital Assets at June 30, 2022 and 2021  
(Net of Accumulated Depreciation)**

	<u>2022</u>	<u>2021</u>
Land	\$ 26,600	\$ 26,600
Construction in Progress		31,168
Improvements Other Than Buildings	200,561	213,717
Buildings and Improvements	12,664,190	12,558,264
Machinery and Equipment	<u>615,476</u>	<u>478,419</u>
<b>Total</b>	<b><u>\$ 13,506,827</u></b>	<b><u>\$ 13,308,168</u></b>

Overall capital assets, net of accumulated depreciation, increased \$198,659 from fiscal year 2021 to fiscal year 2022 as a result of capital asset additions exceeding capital asset deletions and depreciation during the current year.

The Capital Assets of the Business Type Activities of \$15,173 have been fully depreciated as of June 30, 2022 and 2021.

Additional information on Closter School District's Capital Assets can be found in Note 3 of this report.

**Debt Administration**

At June 30, 2022 and 2021, the District had \$3,340,205 and \$4,640,801, respectively of long-term liabilities. The following reflects the District's outstanding liabilities at June 30, 2022 and 2021.

**Outstanding Long-Term Liabilities  
as of June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
2013 Refunding Bonds	\$ 540,000	\$ 810,000
Net Pension Liability	2,427,270	3,458,070
Compensated Absences	<u>372,935</u>	<u>372,731</u>
<b>Total</b>	<b><u>\$ 3,340,205</u></b>	<b><u>\$ 4,640,801</u></b>

Overall long-term liabilities decreased \$1,300,596 at June 30, 2022 from the previous year.

At June 30, 2022, the District's overall remaining legal debt margin was \$68,770,706.

**CLOSTER BOARD OF EDUCATION  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2022

Additional information on Closter School District's Long-Term Debt can be found in Note 3 of this report.

**For the Future**

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

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2022-2023 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2022-2023. Budgeted expenditures in the General Fund increased approximately 3% to \$24,164,333 for fiscal year 2022-2023. Budgeted student support service costs was the main factor for the increase.

**Contacting the District's Financial Management**

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

**DISTRICT WIDE FINANCIAL STATEMENTS**

**CLOSTER BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 8,544,634	\$ 1,391	\$ 8,546,025
Receivables, net			
Receivables from Other Governments	236,750	228	236,978
Capital Assets, Not Being Depreciated	26,600		26,600
Capital Assets, Being Depreciated	13,480,227		13,480,227
	<u>22,288,211</u>	<u>1,619</u>	<u>22,289,830</u>
Total Assets			
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding	4,297		4,297
Deferred Amount on Net Pension Liability	88,110		88,110
	<u>92,407</u>	<u>-</u>	<u>92,407</u>
Total Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	<u>22,380,618</u>	<u>1,619</u>	<u>22,382,237</u>
<b>LIABILITIES</b>			
Accounts Payable & Other Liabilities	195,469		195,469
Payable to Other Governments	1,116		1,116
Unearned Revenue	147,161		147,161
Accrued Interest Payable	3,173		3,173
Noncurrent Liabilities			
Due Within One Year	300,000		300,000
Due Beyond One Year	3,040,205		3,040,205
	<u>3,687,124</u>	<u>-</u>	<u>3,687,124</u>
Total Liabilities			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	1,662,010		1,662,010
	<u>1,662,010</u>	<u>-</u>	<u>1,662,010</u>
Total Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	<u>5,349,134</u>	<u>-</u>	<u>5,349,134</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	12,971,124		12,971,124
Restricted for:			
Capital Projects	5,316,631		5,316,631
Maintenance	400,000		400,000
Other Purposes	242,540		242,540
Unrestricted	(1,898,811)	1,619	(1,897,192)
	<u>\$ 17,031,484</u>	<u>\$ 1,619</u>	<u>\$ 17,033,103</u>
Total Net Position			

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



**CLOSTER BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 10,526,164	\$ 323,466	\$ 2,214,115	\$ 37,489	\$ (7,951,094)		\$ (7,951,094)
Special Education	5,251,186	276,238	2,484,021		(2,490,927)		(2,490,927)
Other Instruction	1,620,677		646,647		(974,030)		(974,030)
School Sponsored Activities and Athletics	123,534	70,150	13,345		(40,039)		(40,039)
Support Services							
Student and Instruction Related Svcs.	3,871,088		1,007,273		(2,863,815)		(2,863,815)
General Administration Services	594,824		114,135		(480,689)		(480,689)
School Administration Services	1,184,038		278,464		(905,574)		(905,574)
Central Administrative Services	710,063		-		(710,063)		(710,063)
Plant Operations and Maintenance	2,713,669		341,783	66,169	(2,305,717)		(2,305,717)
Pupil Transportation	410,408		110,176		(300,232)		(300,232)
Interest on Long-Term Debt	21,743				(21,743)		(21,743)
<b>Total Governmental Activities</b>	<b>27,027,394</b>	<b>669,854</b>	<b>7,209,959</b>	<b>103,658</b>	<b>(19,043,923)</b>	<b>-</b>	<b>(19,043,923)</b>
<b>Business-Type Activities</b>							
Food Service	5,127	5,450	3,348	-	-	3,671	3,671
<b>Total Business-Type Activities</b>	<b>5,127</b>	<b>5,450</b>	<b>3,348</b>	<b>-</b>	<b>-</b>	<b>3,671</b>	<b>3,671</b>
<b>Total Primary Government</b>	<b>\$ 27,032,521</b>	<b>\$ 675,304</b>	<b>\$ 7,213,307</b>	<b>\$ 103,658</b>	<b>(19,043,923)</b>	<b>3,671</b>	<b>(19,040,252)</b>
<b>General Revenues:</b>							
Property Taxes, Levied for General Purposes					21,041,740		21,041,740
Property Taxes Levied for Debt Service					289,035		289,035
Interest Earnings					13,441		13,441
Miscellaneous Income					48,711		48,711
Transfers					3,500	(3,500)	-
<b>Total General Revenues and Transfers</b>					<b>21,396,427</b>	<b>(3,500)</b>	<b>21,392,927</b>
Change in Net Position					2,352,504	171	2,352,675
Net Position, Beginning of Year					14,678,980	1,448	14,680,428
Net Position, End of Year					<b>\$ 17,031,484</b>	<b>\$ 1,619</b>	<b>\$ 17,033,103</b>

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

**FUND FINANCIAL STATEMENTS**

**CLOSTER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 8,447,642	\$ 96,992		\$ 8,544,634
Receivables				
Receivables From Other Governments	<u>20,193</u>	<u>216,557</u>	<u>-</u>	<u>236,750</u>
Total Assets	<u>\$ 8,467,835</u>	<u>\$ 313,549</u>	<u>\$ -</u>	<u>\$ 8,781,384</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 22,023	\$ 100,577		\$ 122,600
Accrued Salaries and Wages	5,534			5,534
Payable to State Government	-	1,116		1,116
Payroll Deductions and Withholdings	8,425	-		8,425
Other Liabilities	58,910			58,910
Unearned Revenue	<u>-</u>	<u>147,161</u>	<u>-</u>	<u>147,161</u>
Total Liabilities	<u>94,892</u>	<u>248,854</u>	<u>-</u>	<u>343,746</u>
Restricted:				
Capital Reserve	4,746,631			4,746,631
Capital Reserve - Designated for Subsequent Year's Expenditures	570,000			570,000
Maintenance Reserve	300,000			300,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	100,000			100,000
Emergency Reserve	250,000			250,000
Unemployment Compensation Reserve	177,845			177,845
Excess Surplus	500,000			500,000
Excess Surplus - Designated for Subsequent Year's Expenditures	500,000			500,000
Student Activities		64,695		64,695
Committed:				
Year-End Encumbrances	95,078			95,078
Assigned:				
Year End Encumbrances	295,462			295,462
Designated for Subsequent Year's Expenditures	20,514			20,514
Unassigned Fund Balance	<u>817,413</u>	<u>-</u>	<u>-</u>	<u>817,413</u>
Total Fund Balances	<u>8,372,943</u>	<u>64,695</u>	<u>-</u>	<u>8,437,638</u>
Total Liabilities and Fund Balances	<u>\$ 8,467,835</u>	<u>\$ 313,549</u>	<u>\$ -</u>	<u>8,781,384</u>

**CLOSTER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2022**

<b>Total Fund Balances-Governmental Funds (Exhibit B-1)</b>	<b>\$</b>	<b>8,437,638</b>
<p>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$27,402,137 and the accumulated depreciation is \$13,895,310.</p>		13,506,827
<p>The District has financed capital assets through the issuance of Serial Bonds. The interest accrual at year end is:</p>		(3,173)
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		4,297
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and amortized over future years.</p>		
Deferred Outflows of Resources	\$ 88,110	
Deferred Inflows of Resources	<u>(1,662,010)</u>	(1,573,900)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of the following:</p>		
Bonds Payable	(540,000)	
Compensated Absences	(372,935)	
Net Pension Liability	<u>(2,427,270)</u>	<u>(3,340,205)</u>
<b>Total net position of governmental activities (Exhibit A-1)</b>	<b>\$</b>	<b><u>17,031,484</u></b>

**CLOSTER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>				
Local Sources				
Property Taxes	\$ 21,041,740		\$ 289,035	\$ 21,330,775
Tuition	599,704			599,704
Interest	13,441			13,441
Miscellaneous	48,711	\$ 114,029	-	162,740
Total - Local Sources	21,703,596	114,029	289,035	22,106,660
State Sources	7,108,485	31,923		7,140,408
Federal Sources	47,906	970,152	-	1,018,058
Total Revenues	28,859,987	1,116,104	289,035	30,265,126
<b>EXPENDITURES</b>				
Current				
Instruction				
Regular Instruction	10,968,063	74,996		11,043,059
Special Education Instruction	5,190,861	318,273		5,509,134
Other Instruction	1,403,356	349,889		1,753,245
School Sponsored Activities and Athletics	80,173	47,676		127,849
Support Services				
Student and Instruction Related Services	3,918,928	162,660		4,081,588
General Administration Services	626,011			626,011
School Administration Services	1,252,375			1,252,375
Central Administrative Services	746,504			746,504
Plant Operations and Maintenance	1,955,136	100,386		2,055,522
Pupil Transportation	412,094			412,094
Debt Service				
Principal			270,000	270,000
Interest and Other Charges			19,035	19,035
Capital Outlay	1,075,360	41,444	-	1,116,804
Total Expenditures	27,628,861	1,095,324	289,035	29,013,220
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,231,126	20,780	-	1,251,906
Other Financing Sources (Uses)				
Transfer In	3,500	-	-	3,500
Total Other Financing Sources (Uses)	3,500	-	-	3,500
Net Changes in Fund Balances	1,234,626	20,780	-	1,255,406
Fund Balance, Beginning of Year	7,138,317	43,915	-	7,182,232
Fund Balance, End of Year	\$ 8,372,943	\$ 64,695	\$ -	\$ 8,437,638

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

**CLOSTER BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,255,406

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

Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceed depreciation expense in the period.

Depreciation Expense	\$ (933,145)	
Capital Outlay	<u>1,116,804</u>	183,659

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to increase net position. These transactions are not reported in the governmental funds financial statements.

Donated Capital Assets		15,000
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In the statement of activities, certain transactions related to the issuance of long term debt are deferred and amortized over the term of the debt. In the governmental funds, these items are reported upon issuance of the debt. This amount represents the current year amortization of the deferred items related to the issuance of long term debt in previous years.

Deferred Amount on Refunding of Debt		(4,294)
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In the statement of activities, certain operating expenses - compensated absences, pension expenses are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Compensated Absences	(204)	
Decrease in Pension Expense	<u>631,351</u>	631,147

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

Principal Repayments		
Bonds Payable		270,000

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>1,586</u>
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Change in net position of governmental activities (A-2 Exhibit)		<u>\$ 2,352,504</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**CLOSTER BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2022**

	<b>Business- Type            Activities            Enterprise            Funds</b> <hr/> <b>Non - Major            Food Service</b> <hr/>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 1,391
Intergovernmental Accounts Receivable	<u>228</u>
Total Current Assets	<u>1,619</u>
Noncurrent Assets	
Machinery and Equipment	15,173
Less Accumulated Depreciation	<u>(15,173)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>1,619</u>
<b>NET POSITION</b>	
Unrestricted	<u>1,619</u>
Total Net Position	<u>\$ 1,619</u>

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

**CLOSTER BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<b>Business-Type Activities Enterprise Fund</b>
	<b>Non-Major Food Service</b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 5,450
Total Operating Revenues	5,450
<b>OPERATING EXPENSES</b>	
Cost of Sales - Reimbursable Programs	5,127
Total Operating Expenses	5,127
Operating Income	323
<b>NONOPERATING REVENUES</b>	
Federal Sources	
Special Milk Program	3,348
Total Nonoperating Revenues	3,348
Income Before Transfers	3,671
Transfer Out	(3,500)
Net Change in Net Position	171
Net Position, Beginning of Year	1,448
Net Position, End of Year	\$ 1,619

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



**CLOSTER BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>
	<b>Non-Major Food Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 5,450
Payments to Suppliers	<u>(5,127)</u>
Net Cash Provided by Operating Activities	<u>323</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Cash Received from State and Federal Reimbursements	3,120
Transfers to Other Funds	<u>(3,500)</u>
Net Cash Used For Non-Capital Financing Activities	<u>(380)</u>
Net Decrease in Cash and Cash Equivalents	(57)
Cash and Cash Equivalents — Beginning of Year	<u>1,448</u>
Cash and Cash Equivalents — End of Year	<u><u>\$ 1,391</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	<u>\$ 323</u>
Net Cash Provided by Operating Activities	<u><u>\$ 323</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Closter Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent of Schools is appointed by the Board and is responsible for the administrative control of the District. A School 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 of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools to the Board.

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

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

**B. New Accounting Standards**

During fiscal year 2022, the District adopted the following GASB statements:

- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. 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.

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB Statement No. 92, *Omnibus 2020*. 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 Statement 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 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.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

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

- GASB Statement 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 Statement No. 99, *Omnibus 2022*, the section applicable to the District will be effective beginning with the fiscal year ending June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements**

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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

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

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

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students.

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

**CLOSTER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

**1. *Cash, Cash Equivalents and Investments***

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

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

**2. *Receivables***

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

**3. *Inventories***

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

**4. *Capital Assets***

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

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

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

<u>Assets</u>	<u>Years</u>
Improvements Other than Buildings	5-20
Buildings	50
Building Improvements	10-20
Machinery and Equipment	5-20

CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. *Compensated Absences*

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

7. *Pensions*

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

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



**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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 outflows of resources and are deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. 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 2).

*Capital Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2022/2023 District budget certified for taxes.

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

*Maintenance Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2022/2023 District budget certified for taxes.

*Emergency Reserve* – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 2).

CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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)

*Unemployment Compensation Reserve* – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District’s election for payment in lieu of contributions (benefit reimbursement method). (See Note 4).

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2022 audited excess surplus that is required to be appropriated in the 2023/2024 original budget certified for taxes.

*Excess Surplus – Designated for Subsequent Year’s Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2021 audited excess surplus that was appropriated in the 2022/2023 original budget certified for taxes.

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

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

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

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

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

*Designated for Subsequent Year’s Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2022/2023 District budget certified for taxes.

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

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

10. *Fund Balance Policies*

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

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***10. Fund Balance Policies (Continued)***

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> 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 2020-2021 and 2021-2022 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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. 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 budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Borough of Closter adopted a resolution to move the District’s annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2021/2022. Also, during 2021/2022 the Board increased the original budget by \$2,736,318. The increase was funded by the additional appropriation of unassigned fund balance, grant awards, student activity revenues, scholarship donations and the reappropriation of prior year general fund encumbrances.

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

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

**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.

**CLOSTER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021		\$ 3,990,699
Increased by:		
Return of Unexpended Budget Appropriations		
Funded from Reserve	\$ 59,175	
Deposits Approved by Board Resolution	<u>1,776,756</u>	
Total Increases		<u>1,835,931</u>
		5,826,630
Decreased by:		
Withdrawals Approved in District Budget		<u>510,000</u>
Balance, June 30, 2022		<u>\$ 5,316,630</u>

The June 30, 2022 LRFP balance of costs of uncompleted capital projects is \$20,625,500. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$570,000 of the capital reserve balance at June 30, 2022 was designated and appropriated for use in the 2022/2023 original budget certified for taxes.

**C. Maintenance Reserve**

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021		\$ 300,000
Increased by		
Deposits Approved by Board Resolution		<u>100,000</u>
Balance, June 30, 2022		<u>\$ 400,000</u>

The June 30, 2022 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$813,985. \$100,000 of the maintenance reserve balance at June 30, 2022 was designated and appropriated for use in the 2022/2023 original budget certified for taxes.

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**D. Emergency Reserve**

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

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

The activity of the emergency reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021	\$ <u>250,000</u>
Balance, June 30, 2022	\$ <u>250,000</u>

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 4% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2022 is \$1,000,000. Of this amount, \$500,000 was designated and appropriated in the 2022/2023 original budget certified for taxes and the remaining amount of \$500,000 will be appropriated in the 2023/2024 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.

**CLOSTER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

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, 2022, the book value of the Board's deposits were \$8,546,025 and bank and brokerage firm balances of the Board's deposits amounted to \$9,002,271. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ 8,907,365
Uninsured and Collateralized	<u>94,906</u>
	<u>\$ 9,002,271</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2022 the Board's bank balance of \$94,906 was exposed to custodial credit risk as follows:

**Depository Account**

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 94,906</u>
	<u>\$ 94,906</u>

**Investments**

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

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Investments (Continued)**

As of June 30, 2022, the Board had no outstanding investments.

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

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

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

**B. Receivables**

Receivables as of June 30, 2022 for the district’s individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
State	\$ 12,980			\$ 12,980
Federal		\$ 216,557	\$ 228	216,785
Local	7,213	-	-	7,213
Gross Receivables	20,193	216,557	228	236,978
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 20,193</u>	<u>\$ 216,557</u>	<u>\$ 228</u>	<u>\$ 236,978</u>

**C. Unearned Revenue**

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 104,161
Grant Draw Downs Reserve for Encumbrances	<u>43,000</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 147,161</u>



**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	Balance, <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2022</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 26,600			\$ 26,600
Construction In Progress	31,168	-	\$ (31,168)	-
Total Capital Assets, Not Being Depreciated	<u>57,768</u>	<u>-</u>	<u>(31,168)</u>	<u>26,600</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	24,497,950	\$ 845,778		25,343,728
Improvements Other Than Buildings	472,992			472,992
Machinery and Equipment	1,442,181	317,194	\$ 200,558	1,558,817
Total Capital Assets Being Depreciated	<u>26,413,123</u>	<u>1,162,972</u>	<u>200,558</u>	<u>27,375,537</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(11,939,686)	(739,852)		(12,679,538)
Improvements Other Than Buildings	(259,275)	(13,156)		(272,431)
Machinery and Equipment	(963,762)	(180,137)	(200,558)	(943,341)
Total Accumulated Depreciation	<u>(13,162,723)</u>	<u>(933,145)</u>	<u>(200,558)</u>	<u>(13,895,310)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,250,400</u>	<u>229,827</u>	<u>-</u>	<u>13,480,227</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,308,168</u>	<u>\$ 229,827</u>	<u>\$ (31,168)</u>	<u>\$ 13,506,827</u>

**CLOSTER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2022</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 15,173	-	-	\$ 15,173
Total Capital Assets Being Depreciated	<u>15,173</u>	<u>-</u>	<u>-</u>	<u>15,173</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(15,173)</u>	-	-	<u>(15,173)</u>
Total Accumulated Depreciation	<u>(15,173)</u>	<u>-</u>	<u>-</u>	<u>(15,173)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Governmental Activities:**

Instruction		
Regular		\$ <u>121,922</u>
Total Instruction		<u>121,922</u>
Support Services		
Students and Instruction Related Services		33,273
General Administration		460
School Administrative Services		13,396
Plant Operations and Maintenance		<u>764,094</u>
Total Support Services		<u>811,223</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 933,145</u>

**CLOSTER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects and other significant commitments as of June 30, 2022:

<u>Project</u>	<u>Remaining Commitment</u>
Window Replacement Project	\$ 43,000
Acquisition of Truck for Maintenance Department	36,818
Acquisition and Installation of Signage at District Schools	<u>31,884</u>
Total	<u>\$ 111,702</u>

**E. Interfund Receivables, Payables, and Transfers**

**Interfund Transfers**

	<u>Transfer In: General Fund</u>
Transfer Out: Food Service - Enterprise Fund	<u>\$ 3,500</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

**F. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2022 is comprised of the following issue:

\$2,790,000 2013 Refunding Bonds, due in annual installment of \$270,000 through April 1, 2024 interest at 2.35%	<u>\$540,000</u>
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**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Intergovernmental Loan Payable**

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

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 270,000	\$ 12,690	\$ 282,690
2024	<u>270,000</u>	<u>6,345</u>	<u>276,345</u>
Total	<u>\$ 540,000</u>	<u>\$ 19,035</u>	<u>\$ 559,035</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2022 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 69,310,706
Less: Net Debt	<u>540,000</u>
Remaining Borrowing Power	<u>\$ 68,770,706</u>

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Bonds Payable	\$ 810,000		\$ 270,000	\$ 540,000	\$ 270,000
Compensated Absences	372,731	\$ 38,984	38,780	372,935	30,000
Net Pension Liability	<u>3,458,070</u>	<u>-</u>	<u>1,030,800</u>	<u>2,427,270</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 4,640,801</u>	<u>\$ 38,984</u>	<u>\$ 1,339,580</u>	<u>\$ 3,340,205</u>	<u>\$ 300,000</u>

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

**CLOSTER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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 Annual Comprehensive Financial Report.

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

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

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022	None	\$ 29,265			\$ 177,845
2021	None	18,807	\$ 61	\$ 2,764	177,845
2020	None	39,171	1,498	29,438	185,348

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2022, 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, 2022, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

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

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

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

**CLOSTER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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) Annual Comprehensive Financial Report (ACFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

The following represent the membership tiers for TPAF:

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

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

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

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

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

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



**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Amendments**

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

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

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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, 2021 is \$12.0 billion and the plan fiduciary net position as a percentage of the total pension liability is 70.33%. The collective net pension liability of the State funded TPAF at June 30, 2021 is \$48.2 billion and the plan fiduciary net position as a percentage of total pension liability is 35.52%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

**Actuarial Methods and Assumptions**

In the July 1, 2020 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 2022.

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, 2022 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 2022, 2021 and 2020 were equal to the required contributions.

During the fiscal years ended June 30, 2022, 2021 and 2020 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2022	\$ 239,954	\$ 3,803,920	\$ 32,795
2021	231,978	2,897,157	28,677
2020	205,642	1,822,737	27,696

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions (Continued)**

In addition for fiscal years 2022, 2021 and 2020 the District contributed \$0, \$0 and \$497, respectively for PERS and the State contributed \$1,169, \$1,367 and \$1,575, 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 \$779,522 during the fiscal year ended June 30, 2022 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2020 through June 30, 2021. 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, 2021 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2021.

At June 30, 2022, the District reported in the statement of net position (accrual basis) a liability of \$2,427,270 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. 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, 2021. At June 30, 2021, the District's proportionate share was .02049 percent, which was a decrease of .00071 percent from its proportionate share measured as of June 30, 2020 of .02120 percent.

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

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension benefit or credit of \$391,397 for PERS. The pension contribution made by the District during the current 2021/2022 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, 2022 with a measurement date of the prior fiscal year end of June 30, 2021. 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, 2022 for contributions made subsequent to the measurement date. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 38,281	\$ 17,376
Changes of Assumptions	12,641	864,124
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		639,407
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>37,188</u>	<u>141,103</u>
Total	<u>\$ 88,110</u>	<u>\$ 1,662,010</u>

At June 30, 2022, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2023	\$ (602,678)
2024	(436,461)
2025	(297,828)
2026	(233,852)
2027	(3,081)
Thereafter	<u>-</u>
	<u>\$ (1,573,900)</u>

**CLOSTER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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 Rates*

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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, 2021) 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, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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)***

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining 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:

	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,305,450</u>	<u>\$ 2,427,270</u>	<u>\$ 1,682,010</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, 2021. A sensitivity analysis specific to the District’s net pension liability at June 30, 2021 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](http://www.state.nj.us/treasury/pensions).

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

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF)**

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, 2020 through June 30, 2021. 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, 2021, 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, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,106,396 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, 2022 the State's proportionate share of the net pension liability attributable to the District is \$47,019,797. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2021. At June 30, 2021, the State's share of the net pension liability attributable to the District was .09780 percent, which was an increase of .00154 percent from its proportionate share measured as of June 30, 2020 of .09626 percent.



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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

**Actuarial Assumptions**

The total pension liability for the June 30, 2021 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 Rates***

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) 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, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

***Discount Rate***

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**CLOSTER BOARD OF EDUCATION  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

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

	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.00%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 55,632,274</u>	<u>\$ 47,019,797</u>	<u>\$ 39,785,858</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, 2021. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2021 was not provided by the pension system.

***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](http://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 a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified 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.

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

**E. Post-Retirement Medical Benefits (Continued)**

**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. 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](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2020:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>149,304</u>
Total	<u>366,108</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plan 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 plan. 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.

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

**E. Post-Retirement Medical Benefits (Continued)**

**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, 2021 is \$60.0 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, 2020 which were rolled forward to June 30, 2021.

**Actuarial Methods and Assumptions**

In the June 30, 2020 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2021.

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, 2022, 2021 and 2020 were \$888,749, \$907,924 and \$797,361, 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.

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

**E. Post-Retirement Medical Benefits (Continued)**

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

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, 2020 through June 30, 2021. 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, 2022, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,682,545. 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, 2022 the State’s proportionate share of the OPEB liability attributable to the District is \$40,532,352. 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, 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2021. At June 30, 2021, the state’s share of the OPEB liability attributable to the District was .06755 percent, which was an increase of .00116 percent from its proportionate share measured as of June 30, 2020 of .06639 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
Salary Increases*	<u>PERS</u>	<u>TPAF</u>
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.55% to 4.45%
Rate Thereafter	3.00% to 7.00%	2.75% to 5.65%

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

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

**E. Post-Retirement Medical Benefits (Continued)**

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

**Actuarial Assumptions (Continued)**

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%

**Discount Rate**

The discount rate for June 30, 2021 was 2.16%. This 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.

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 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2022 (measurement date June 30, 2021) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2020 Measurement Date	\$ <u>45,018,501</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,259,882
Interest on the Total OPEB Liability	1,051,452
Changes of Benefit Terms	(43,142)
Differences Between Expected and Actual Experience	(6,992,959)
Changes of Assumptions	39,988
Gross Benefit Payments	(828,250)
Contributions from the Member	26,880
<b>Net Changes</b>	<u>\$ (4,486,149)</u>
Balance, June 30, 2021 Measurement Date	\$ <u>40,532,352</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

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, 2021.



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

**E. Post-Retirement Medical Benefits (Continued)**

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

**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 2.16%, 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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	<b>1% Decrease <u>(1.16%)</u></b>	<b>Current Discount Rate <u>(2.16%)</u></b>	<b>1% Increase <u>(3.16%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 48,551,395</u>	<u>\$ 40,532,352</u>	<u>\$ 34,217,837</u>

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 32,811,071</u>	<u>\$ 40,532,352</u>	<u>\$ 50,901,462</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021 were not provided by the pension system.

**F. Tax Abatements**

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

For the year ended December 31, 2021, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the New Jersey Housing and Mortgage Financing Act.

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

**F. Tax Abatements (Continued)**

The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the year ended December 31, 2021 the Borough abated property taxes totaling \$172,300 under the NJHMFA program of which \$69,847 represents the District's share.

**G. Subsequent Events**

**Appropriation of Fund Balance**

On August 29, 2022 the Board approved the appropriation of an additional \$668,585 of General Fund unassigned fund balance to the 2022/2023 budget.

**NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPEMENTS**

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. As governments monitor the outbreaks, they have taken various steps to control them through requiring social distancing, masks and business closures and limited openings. As the virus appears to be under control in many areas, many of these restrictions have been lifted although the situation is monitored, sometimes restrictions are reinstated. Several vaccines have been developed and have been administered. Mutant variants have emerged in various places around the world and now are prevalent in the United States. Certain workers are being required to be vaccinated. Companies have developed booster shots, and current vaccines have proven substantially effective against all currently know variants. New treatments are also being developed to avert the worst outcomes. The assessment of the impact of the virus and the ability to control it and its mutant strains is ongoing.

In the State, Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022, though such executive orders may be modified or rescinded prior to that day by the Governor. The Board expects ongoing actions be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and may continue to negatively affect economic growth and financial markets worldwide. These negative impacts could reduce or negatively affect property values within the School District.

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPMENTS (Continued)**

Since the pandemic began, the federal government had enacted rescue legislation to address the pandemic and alleviate its economic and health effects, including significant support for education. The legislation includes various forms of financial relief including direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. 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. Federal aid for public education has been provided under three 5 separate laws: The Coronavirus Aid, Relief, and Economic Security Act in March 2020 (CARES Act), and the Coronavirus Response and Relief Supplemental Appropriations Act in December 2020 (CRRSA) and the American Rescue Plan Act in March 2021 (ARP). The Elementary and Secondary School Emergency Relief (ESSER) Fund is the main source of funding for public elementary and secondary education under each law. The School District has been awarded up to \$1,538,243 to address certain expenses incurred as a result of the pandemic. Because of the evolving nature of the outbreak and federal, state and local responses, the Board cannot predict how the outbreak will impact the financial condition or operations of the Board, 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 School District 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 its facilities either before or after an outbreak of an infectious disease. To date the School District has not been materially and adversely affected financially due to the virus.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**CLOSTER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 21,041,740		\$ 21,041,740	\$ 21,041,740	
Tuition from Individuals	194,400		194,400	323,466	\$ 129,066
Tuition from LEAs Within the State	76,125		76,125	276,238	200,113
Interest Earned		\$ 12,000	12,000	13,441	1,441
Interest - Capital Reserve	800		800		(800)
Interest - Emergency Reserve	200		200		(200)
Miscellaneous	27,000	(12,000)	15,000	48,711	33,711
<b>Total Local Sources</b>	<b>21,340,265</b>	<b>-</b>	<b>21,340,265</b>	<b>21,703,596</b>	<b>363,331</b>
<b>State Sources</b>					
Special Education Aid	839,510		839,510	839,510	
Security Aid	91,347		91,347	91,347	
Transportation Aid	93,632		93,632	93,632	
School Security Grant Reimbursement				47,214	47,214
Extraordinary Aid				655,605	655,605
Nonpublic Transportation Reimbursement				12,980	12,980
TPAF Pension - Normal Costs (Non-Budgeted)				3,750,999	3,750,999
TPAF Pension - NCGI Premium (Non-Budgeted)				52,921	52,921
TPAF Post Retirement Medical Contribution (Non-Budgeted)				888,749	888,749
TPAF Pension - LTDI Premium (Non-Budgeted)				1,169	1,169
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	779,522	779,522
<b>Total State Sources</b>	<b>1,024,489</b>	<b>-</b>	<b>1,024,489</b>	<b>7,213,648</b>	<b>6,189,159</b>
<b>Federal Sources</b>					
FEMA Reimbursement	-	-	-	47,906	47,906
<b>Total Federal Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,906</b>	<b>47,906</b>
<b>Total Revenues</b>	<b>22,364,754</b>	<b>-</b>	<b>22,364,754</b>	<b>28,965,150</b>	<b>6,600,396</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Preschool	152,308	2,000	154,308	152,122	2,186
Kindergarten	656,775	(92,100)	564,675	491,649	73,026
Grades 1-5	3,407,372	(123,300)	3,284,072	3,170,625	113,447
Grades 6-8	2,131,860	(33,350)	2,098,510	2,029,865	68,645
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	7,000	3,500	10,500	1,925	8,575
Purchased Professional/Educational Services	3,000	-	3,000		3,000
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	424,211	(101,000)	323,211	244,826	78,385
Purchased Professional/Educational Services	18,700	3,200	21,900	14,698	7,202
Purchased Technical Services	93,400	(6,979)	86,421	70,812	15,609
Other Purchased Services	194,853	75,750	270,603	195,210	75,393
General Supplies	201,606	618,345	819,951	622,946	197,005
Textbooks	47,500	61,700	109,200	107,841	1,359
Other Objects	7,000	4,300	11,300	5,011	6,289
<b>Total Regular Programs</b>	<b>7,345,585</b>	<b>412,066</b>	<b>7,757,651</b>	<b>7,107,530</b>	<b>650,121</b>
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	290,678	42,000	332,678	325,490	7,188
Other Salaries for Instruction	174,521	(104,000)	70,521	64,581	5,940
Other Purchased Services	-	4,600	4,600	4,494	106
General Supplies	3,000	35,850	38,850	12,758	26,092
<b>Total Learning and/or Language Disabilities</b>	<b>468,199</b>	<b>(21,550)</b>	<b>446,649</b>	<b>407,323</b>	<b>39,326</b>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	1,302,758	23,018	1,325,776	1,311,441	14,335
General Supplies	7,500	35,650	43,150	18,209	24,941
Textbooks	7,500	(5,000)	2,500	-	2,500
<b>Total Resource Room/Resource Center</b>	<b>1,317,758</b>	<b>53,668</b>	<b>1,371,426</b>	<b>1,329,650</b>	<b>41,776</b>
<b>Autism</b>					
Salaries of Teachers	89,700	18,000	107,700	103,235	4,465
Other Salaries for Instruction	39,594	(30,000)	9,594		9,594
General Supplies	1,000	(1,000)	-	-	-
<b>Total Preschool Disabilities - Full-Time</b>	<b>130,294</b>	<b>(13,000)</b>	<b>117,294</b>	<b>103,235</b>	<b>14,059</b>

**CLOSTER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Preschool Disabilities - Full - Time</b>					
Salaries of Teachers	\$ 223,712	\$ 500	\$ 224,212	\$ 221,129	\$ 3,083
Other Salaries for Instruction	190,946	(61,000)	129,946	123,209	6,737
Other Purchased Services	-	3,000	3,000	2,960	40
General Supplies	12,000	2,005	14,005	7,156	6,849
<b>Total Preschool Disabilities - Full-Time</b>	<b>426,658</b>	<b>(55,495)</b>	<b>371,163</b>	<b>354,454</b>	<b>16,709</b>
<b>Total Special Education</b>	<b>2,342,909</b>	<b>(36,377)</b>	<b>2,306,532</b>	<b>2,194,662</b>	<b>111,870</b>
<b>Basic Skills/Remedial</b>					
Salaries of Teachers	511,866	(5,000)	506,866	495,087	11,779
General Supplies	3,000	2,000	5,000	1,285	3,715
<b>Total Basic Skills/Remedial</b>	<b>514,866</b>	<b>(3,000)</b>	<b>511,866</b>	<b>496,372</b>	<b>15,494</b>
<b>Bilingual Education</b>					
Salaries of Teachers	374,471	(18,000)	356,471	335,974	20,497
General Supplies	2,350	5,000	7,350	3,804	3,546
<b>Total Bilingual Education</b>	<b>376,821</b>	<b>(13,000)</b>	<b>363,821</b>	<b>339,778</b>	<b>24,043</b>
<b>School Sponsored Co/Extra Curricular Activities-Instruction</b>					
Salaries	58,417	-	58,417	19,949	38,468
Supplies and Materials	5,000	-	5,000	860	4,140
Other Objects	2,000	-	2,000	1,495	505
<b>Total School Sponsored Co/Extra Curricular Activities-Instruction</b>	<b>65,417</b>	<b>-</b>	<b>65,417</b>	<b>22,304</b>	<b>43,113</b>
<b>School Sponsored Athletics-Instruction</b>					
Salaries	24,745	-	24,745	19,141	5,604
Purchased Services	4,450	500	4,950	4,860	90
Supplies and Materials	2,000	6,800	8,800	8,150	650
Other Objects	500	500	1,000	595	405
<b>Total School Sponsored Athletics-Instruction</b>	<b>31,695</b>	<b>7,800</b>	<b>39,495</b>	<b>32,746</b>	<b>6,749</b>
<b>Summer School-Instruction</b>					
Salaries of Teachers	26,500	(6,800)	19,700	11,550	8,150
Other Salaries for Instruction	7,500	2,000	9,500	8,165	1,335
Supplies and Materials	500	-	500	-	500
<b>Total Summer School-Instruction</b>	<b>34,500</b>	<b>(4,800)</b>	<b>29,700</b>	<b>19,715</b>	<b>9,985</b>
<b>Summer School-Support Services</b>					
Salaries	4,500	5,750	10,250	7,400	2,850
<b>Total Summer School-Support Services</b>	<b>4,500</b>	<b>5,750</b>	<b>10,250</b>	<b>7,400</b>	<b>2,850</b>
<b>Total Instruction</b>	<b>10,716,293</b>	<b>368,439</b>	<b>11,084,732</b>	<b>10,220,507</b>	<b>864,225</b>

**CLOSTER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Undistributed Expenditures</b>					
<b>Instruction</b>					
Tuition to Other LEAs w/in State - Special	\$ 1,397,309	\$ (152,629)	\$ 1,244,680	\$ 1,073,618	\$ 171,062
Tuition to CSSD and Regional Day Schools	238,480	14,000	252,480	251,088	1,392
Tuition to APSSD - W/I State	246,965	41,957	288,922	288,922	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,882,754</b>	<b>(96,672)</b>	<b>1,786,082</b>	<b>1,613,628</b>	<b>172,454</b>
<b>Attendance and Social Work</b>					
Salaries	74,035	5,000	79,035	74,441	4,594
Purchased Professional and Technical Services	3,800	4,000	7,800	7,800	-
<b>Total Attendance and Social Work</b>	<b>77,835</b>	<b>9,000</b>	<b>86,835</b>	<b>82,241</b>	<b>4,594</b>
<b>Health Services</b>					
Salaries	172,692	6,800	179,492	172,189	7,303
Purchased Professional and Technical Services	3,000	-	3,000	2,605	395
Other Purchased Services	4,200	1,025	5,225	4,414	811
Supplies and Materials	11,400	9,195	20,595	17,950	2,645
<b>Total Health Services</b>	<b>191,292</b>	<b>17,020</b>	<b>208,312</b>	<b>197,158</b>	<b>11,154</b>
<b>Speech, OT, PT &amp; Related Services</b>					
Salaries	301,594	(2,498)	299,096	269,866	29,230
Other Purchased Services	1,000	-	1,000	-	1,000
Supplies and Materials	2,000	4,950	6,950	3,763	3,187
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>304,594</b>	<b>2,452</b>	<b>307,046</b>	<b>273,629</b>	<b>33,417</b>
<b>Other Support Services - Students - Extra Services</b>					
Salaries	283,728	280,235	563,963	537,146	26,817
Purchased Professional-Educational Services	505,000	(26,000)	479,000	242,315	236,685
Supplies and Materials	3,900	-	3,900	846	3,054
Other Objects	500	-	500	-	500
<b>Total Other Supp.Serv. Student - Extra Services</b>	<b>793,128</b>	<b>254,235</b>	<b>1,047,363</b>	<b>780,307</b>	<b>267,056</b>
<b>Other Supp. Serv. - Students - Regular (Guidance)</b>					
Salaries of Other Professional Staff	186,731	-	186,731	170,248	16,483
Purchased Professional-Educational Services	3,800	-	3,800	3,800	-
Supplies and Materials	1,200	3,000	4,200	2,710	1,490
Other Objects	200	-	200	169	31
<b>Total Guidance</b>	<b>191,931</b>	<b>3,000</b>	<b>194,931</b>	<b>176,927</b>	<b>18,004</b>
<b>Child Study Teams</b>					
Salaries of Other Professional Staff	427,112	500	427,612	425,699	1,913
Salaries of Secretarial and Clerical Assistants	92,436	(9,700)	82,736	80,082	2,654
Purchased Professional-Educational Services	113,320	-	113,320	111,474	1,846
Other Purchased Professional and Technical Services	13,600	4,000	17,600	8,550	9,050
Other Purchased Services	500	-	500	-	500
Supplies and Materials	7,500	6,953	14,453	9,109	5,344
Other Objects	1,625	-	1,625	1,348	277
<b>Total Child Study Teams</b>	<b>656,093</b>	<b>1,753</b>	<b>657,846</b>	<b>636,262</b>	<b>21,584</b>
<b>Improvement of Instructional Services</b>					
Salaries of Supervisor of Instruction	79,698	4,000	83,698	76,109	7,589
Salaries of Other Professional Staff	21,800	-	21,800	9,308	12,492
Purchased Professional-Educational Services	60,428	-	60,428	59,428	1,000
Other Purchased Professional and Technical Services	7,850	-	7,850	-	7,850
Other Purchased Services	500	-	500	-	500
Supplies and Materials	500	-	500	-	500
Other Objects	800	-	800	210	590
<b>Total Improvement of Instructional Services</b>	<b>171,576</b>	<b>4,000</b>	<b>175,576</b>	<b>145,055</b>	<b>30,521</b>



**CLOSTER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Educational Media/School Library</b>					
Salaries - Regular	\$ 169,361	\$ 200	\$ 169,561	\$ 168,887	\$ 674
Purchased Professional and Technical Services	3,500	245	3,745	3,634	111
Other Purchased Services	8,000	350	8,350	5,834	2,516
Supplies and Materials	14,400	1,369	15,769	6,072	9,697
<b>Total Educational Media/School Library</b>	<b>195,261</b>	<b>2,164</b>	<b>197,425</b>	<b>184,427</b>	<b>12,998</b>
<b>Instructional Staff Training Services</b>					
Purchased Professional-Educational Services	43,000	-	43,000	39,683	3,317
Other Purchased Professional and Technical Services	10,300	(1,000)	9,300	615	8,685
Other Purchased Services	11,000	2,000	13,000	9,521	3,479
Supplies and Materials	4,500	-	4,500	-	4,500
<b>Total Instructional Staff Training Services</b>	<b>68,800</b>	<b>1,000</b>	<b>69,800</b>	<b>49,819</b>	<b>19,981</b>
<b>Support Services General Administration</b>					
Salaries	277,350	-	277,350	276,259	1,091
Legal Services	29,450	6,000	35,450	28,863	6,587
Audit Fees	26,000	-	26,000	24,050	1,950
Architectural/Engineering Services	12,500	(6,000)	6,500	-	6,500
Other Purchased Professional Services	12,000	2,500	14,500	14,232	268
Purchased Technical Services	2,500	-	2,500	1,708	792
Insurance	26,762	13,892	40,654	24,666	15,988
Communications/Telephone	42,980	2,700	45,680	39,914	5,766
BOE Other Purchased Services	1,300	4,300	5,600	4,538	1,062
Miscellaneous Purchased Services	5,500	-	5,500	3,138	2,362
General Supplies	5,000	(1,500)	3,500	3,206	294
BOE In-House Training/Meeting Supplies	1,750	-	1,750	959	791
Miscellaneous Expenditures	4,500	-	4,500	3,689	811
BOE Membership Dues and Fees	9,000	-	9,000	8,296	704
<b>Total Support Services General Administration</b>	<b>456,592</b>	<b>21,892</b>	<b>478,484</b>	<b>433,518</b>	<b>44,966</b>
<b>Support Services School Administration</b>					
Salaries of Principals/Asst. Principals	438,858	-	438,858	436,752	2,106
Salaries of Other Professional Staff	147,808	(1,200)	146,608	144,024	2,584
Salaries of Secretarial and Clerical Assistants	136,924	-	136,924	136,924	-
Purchased Professional and Technical Services	-	2,500	2,500	2,407	93
Other Purchased Services	10,800	(2,900)	7,900	4,042	3,858
Supplies and Materials	12,900	34,101	47,001	34,658	12,343
Other Objects	10,900	5,400	16,300	14,302	1,998
<b>Total Support Services School Administration</b>	<b>758,190</b>	<b>37,901</b>	<b>796,091</b>	<b>773,109</b>	<b>22,982</b>
<b>Central Services</b>					
Salaries	362,874	(686)	362,188	360,910	1,278
Purchased Technical Services	23,000	16,611	39,611	26,366	13,245
Miscellaneous Purchased Services	10,100	(2,725)	7,375	5,018	2,357
Supplies and Materials	5,000	2,230	7,230	7,045	185
Miscellaneous Expenditures	3,000	-	3,000	1,240	1,760
<b>Total Central Services</b>	<b>403,974</b>	<b>15,430</b>	<b>419,404</b>	<b>400,579</b>	<b>18,825</b>
<b>Admin. Info. Tech.</b>					
Salaries	110,644	200	110,844	110,758	86
Purchased Technical Services	55,160	11,800	66,960	62,571	4,389
Other Purchased Services	650	-	650	77	573
Supplies and Materials	6,000	-	6,000	5,344	656
<b>Total Admin. Info. Tech.</b>	<b>172,454</b>	<b>12,000</b>	<b>184,454</b>	<b>178,750</b>	<b>5,704</b>

**CLOSTER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Required Maintenance for School Facilities</b>					
Salaries	\$ 167,794	\$ 7,000	\$ 174,794	\$ 169,763	\$ 5,031
Cleaning, Repair and Maintenance Services	105,000	89,100	194,100	161,087	33,013
Lead Testing of Drinking Water		3,350	3,350	3,350	-
General Supplies	42,000	22,400	64,400	59,185	5,215
Other Objects	1,500	450	1,950	1,678	272
<b>Total Required Maintenance for School Facilities</b>	<b>316,294</b>	<b>122,300</b>	<b>438,594</b>	<b>395,063</b>	<b>43,531</b>
<b>Custodial Services</b>					
Salaries	545,805	(19,806)	525,999	509,352	16,647
Salaries of Non-Instructional Aides	162,826	(50,000)	112,826	108,914	3,912
Purchased Professional and Technical Services	6,400	(3,400)	3,000	-	3,000
Cleaning, Repair and Maintenance Services	9,500	15,000	24,500	19,065	5,435
Rental of Land & Building Other than Lease Purchase Agreement	11,800	-	11,800	11,485	315
Other Purchased Property Services	16,600	-	16,600	15,969	631
Insurance	178,165	5,306	183,471	183,471	-
Miscellaneous Purchased Services	200	-	200	-	200
General Supplies	44,000	22,019	66,019	64,851	1,168
Energy (Natural Gas)	123,000	(6,000)	117,000	104,297	12,703
Energy (Electricity)	252,169	(66,369)	185,800	156,230	29,570
Energy (Gasoline)	3,500	-	3,500	3,405	95
Other Objects	2,500	-	2,500	-	2,500
<b>Total Custodial Services</b>	<b>1,356,465</b>	<b>(103,250)</b>	<b>1,253,215</b>	<b>1,177,039</b>	<b>76,176</b>
<b>Care and Upkeep of Grounds</b>					
Cleaning, Repair and Maintenance Service	63,000	2,300	65,300	47,706	17,594
General Supplies	6,000	-	6,000	5,280	720
<b>Total Care and Upkeep of Grounds</b>	<b>69,000</b>	<b>2,300</b>	<b>71,300</b>	<b>52,986</b>	<b>18,314</b>
<b>Security</b>					
Purchased Professional and Technical Services	3,500		3,500	856	2,644
Cleaning, Repair and Maintenance Service	8,000	(220)	7,780	5,454	2,326
General Supplies	6,800	134,720	141,520	45,337	96,183
<b>Total Security</b>	<b>18,300</b>	<b>134,500</b>	<b>152,800</b>	<b>51,647</b>	<b>101,153</b>
<b>Student Transportation Services</b>					
Salaries of Non-Instructional Aides	12,816	-	12,816	12,512	304
Contracted Services - Aid In Lieu of Payments-Non-Public Schools	55,000	(20,000)	35,000	35,000	-
Contracted Services (Between Home and School) - Vendors	38,500	(4,000)	34,500	33,253	1,247
Contracted Services (Other Than Between Home and School) - Vendors	18,000	(4,000)	14,000	10,916	3,084
Contracted Services (Between Home and School) - Joint Agreements	9,000	4,000	13,000	12,160	840
Contracted Services (Special Education Students) - Joint Agreements	250,000	61,700	311,700	304,182	7,518
<b>Total Student Transportation Services</b>	<b>383,316</b>	<b>37,700</b>	<b>421,016</b>	<b>408,023</b>	<b>12,993</b>
<b>Unallocated Benefits- Employee Benefits</b>					
Social Security Contributions	261,000	6,326	267,326	252,087	15,239
Other Retirement Contributions - PERS	277,277	(3,400)	273,877	239,954	33,923
Other Retirement Contribution - Regular	29,000	4,809	33,809	32,795	1,014
Worker's Compensation	105,361	-	105,361	67,296	38,065
Health Benefits	2,920,033	(319,887)	2,600,146	2,192,561	407,585
Tuition Reimbursement	15,000	-	15,000	5,725	9,275
Other Employee Benefits	7,000	-	7,000	5,328	1,672
Unused Sick Payment to Terminated/Retired Staff	25,000	13,780	38,780	38,780	-
<b>Total Unallocated Benefits</b>	<b>3,639,671</b>	<b>(298,372)</b>	<b>3,341,299</b>	<b>2,834,526</b>	<b>506,773</b>

**CLOSTER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
TPAF Pension Contribution-Normal Costs (Non-Budgeted)				\$ 3,750,999	(3,750,999)
TPAF Pension Contribution-NCGI Premium (Non-Budgeted)				52,921	(52,921)
TPAF Post-Retirement Medical Contribution (Non-Budgeted)				888,749	\$ (888,749)
TPAF Pension Contribution-LTDI Premium (Non-Budgeted)				1,169	(1,169)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	779,522	(779,522)
<b>Total Undistributed Expenditures</b>	<b>\$ 12,107,520</b>	<b>\$ 180,353</b>	<b>\$ 12,287,873</b>	<b>16,318,053</b>	<b>(4,030,180)</b>
Interest Deposit to Current Expense Emergency Reserve	200	-	200	-	200
<b>Total Current Expenditures</b>	<b>22,824,013</b>	<b>548,792</b>	<b>23,372,805</b>	<b>26,538,560</b>	<b>(3,165,755)</b>
<b>CAPITAL OUTLAY</b>					
<b>EQUIPMENT</b>					
Undistributed Expenditures					
Support Services - Regular		15,960	15,960	15,960	-
Support Services - Students		2,748	2,748	2,748	-
Instruction					
Grades 1-5	10,000	146,514	156,514	133,246	23,268
Grades 6-8	5,000	90,542	95,542	95,542	-
Resource Room/Resource Center	5,000	631	5,631	5,631	-
Preschool Disabilities - Full-Time	5,000	(5,000)			
Undistributed Expenditures - General Administration		3,108	3,108		3,108
Undistributed Expenditures - School Administration		31,884	31,884		31,884
Undistributed Expenditures - Administrative Information Technology		2,948	2,948	2,948	-
Undistributed Expenditures - Required Maintenance for School Facilities		58,297	58,297	21,480	36,817
Undistributed Expenditures - Custodial Services	-	2,150	2,150	2,150	-
<b>Total Equipment</b>	<b>25,000</b>	<b>349,782</b>	<b>374,782</b>	<b>279,705</b>	<b>95,077</b>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	36,000	6,832	42,832	40,269	2,563
Other Purchased Professional and Technical Services	20,800	-	20,800		20,800
Construction Services	453,200	337,998	791,198	755,386	35,812
Assessment for Debt Service on SDA Funding	14,941	-	14,941	14,941	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>524,941</b>	<b>344,830</b>	<b>869,771</b>	<b>810,596</b>	<b>59,175</b>
Interest Deposit to Capital Reserve	800	-	800	-	800
<b>Total Capital Outlay</b>	<b>550,741</b>	<b>694,612</b>	<b>1,245,353</b>	<b>1,090,301</b>	<b>155,052</b>
<b>Total General Fund Expenditures</b>	<b>23,374,754</b>	<b>1,243,404</b>	<b>24,618,158</b>	<b>27,628,861</b>	<b>(3,010,703)</b>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(1,010,000)	(1,243,404)	(2,253,404)	1,336,289	3,589,693
Other Financing Sources (Uses)					
Transfer In - Enterprise Fund	-	-	-	3,500	3,500
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,500</b>	<b>3,500</b>

**CLOSTER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	\$ (1,010,000)	\$ (1,243,404)	\$ (2,253,404)	\$ 1,339,789	\$ 3,593,193
Fund Balance, Beginning of Year	<u>7,770,546</u>	<u>-</u>	<u>7,770,546</u>	<u>7,770,546</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,760,546</u>	<u>\$ (1,243,404)</u>	<u>\$ 5,517,142</u>	<u>\$ 9,110,335</u>	<u>\$ 3,593,193</u>
<b>Recapitulation</b>					
Restricted:					
Capital Reserve				\$ 4,746,631	
Capital Reserve - Designated for Subsequent Year's Expenditures				570,000	
Maintenance Reserve				300,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				100,000	
Emergency Reserve				250,000	
Unemployment Compensation Reserve				177,845	
Excess Surplus				500,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				500,000	
Committed:					
Year-End Encumbrances				95,078	
Assigned:					
Year-End Encumbrances				295,462	
Designated for Subsequent Year's Expenditures				20,514	
Unassigned Fund Balance				<u>1,554,805</u>	
				9,110,335	
Reconciliation to Governmental Fund Statements (GAAP)					
Less State Aid Revenue Not Recognized on the GAAP Basis				<u>\$ (737,392)</u>	
Fund Balance, Governmental Statements (GAAP Basis)				<u>\$ 8,372,943</u>	

**CLOSTER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources	\$ 277,591	\$ 1,247,192	\$ 1,524,783	\$ 988,152	\$ (536,631)
State Sources		31,923	31,923	31,923	-
Local Sources	500	213,799	214,299	114,029	(100,270)
Total Revenues	<u>278,091</u>	<u>1,492,914</u>	<u>1,771,005</u>	<u>1,134,104</u>	<u>(636,901)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	56,300	358,886	415,186	161,550	253,636
Other Salaries for Instruction		79,159	79,159	79,159	-
Purchased Professional Technical Services		112,300	112,300	12,400	99,900
Co-Curricular/Extra-Curricular Activities	500	47,176	47,676	47,676	-
Tuition	141,586	124,517	266,103	266,103	-
Textbooks		1,681	1,681	1,681	-
Supplies and Materials		113,361	113,361	113,361	-
Miscellaneous Expenditures	-	14,646	14,646	14,646	-
Total Instruction	<u>198,386</u>	<u>851,726</u>	<u>1,050,112</u>	<u>696,576</u>	<u>353,536</u>
Support Services:					
Salaries		265,995	265,995	123,714	142,281
Personal Services-Employee Benefits	19,705	140,499	160,204	100,577	59,627
Purchased Professional Technical Services		72,350	72,350	72,350	-
Purchased Professional Educational Services		2,418	2,418	2,418	-
Cleaning, Repair and Maintenance Services		26,648	26,648	26,648	-
Other Purchased Services	60,000	(55,600)	4,400	4,400	-
Supplies and Materials		16,415	16,415	500	15,915
Scholarship Awards	-	1,697	1,697	1,697	-
Total Support Services	<u>79,705</u>	<u>470,422</u>	<u>550,127</u>	<u>332,304</u>	<u>217,823</u>
Capital Outlay					
Construction Services		74,434	74,434	61,955	12,479
Instructional Equipment	-	96,332	96,332	22,489	73,843
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>170,766</u>	<u>170,766</u>	<u>84,444</u>	<u>86,322</u>
Total Expenditures	<u>278,091</u>	<u>1,492,914</u>	<u>1,771,005</u>	<u>1,113,324</u>	<u>657,681</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	-	-	-	20,780	20,780
Fund Balance, July 1	<u>43,915</u>	<u>-</u>	<u>43,915</u>	<u>43,915</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 43,915</u>	<u>\$ -</u>	<u>\$ 43,915</u>	<u>\$ 64,695</u>	<u>\$ 20,780</u>
<b>Recapitulation of Fund Balance</b>					
<b>Restricted Fund Balances</b>					
Student Activities				<u>\$ 64,695</u>	

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**CLOSTER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 28,965,150	\$ 1,134,104
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2021		25,000
Encumbrances, June 30, 2022		(43,000)
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes - Prior Year	632,229	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(737,392)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 28,859,987</u>	<u>\$ 1,116,104</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 27,628,861	\$ 1,113,324
<b>Differences - Budget to GAAP</b>		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2021		25,000
Encumbrances, June 30, 2022	<u>-</u>	<u>(43,000)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 27,628,861</u>	<u>\$ 1,095,324</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**  
**AND**  
**OTHER POST-EMPLOYMENT BENEFITS INFORMATION**



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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Nine Fiscal Years \***

	<u>2022</u>	<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)	0.02049%	0.02120%	0.02114%	0.02085%	0.02108%	0.02109%	0.02283%	0.02173%	0.02086%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,427,270</u>	<u>\$ 3,458,070</u>	<u>\$ 3,809,331</u>	<u>\$ 4,104,566</u>	<u>\$ 4,906,944</u>	<u>\$ 6,245,235</u>	<u>\$ 5,125,484</u>	<u>\$ 4,069,200</u>	<u>\$ 3,986,130</u>
District's Covered Payroll	<u>\$ 1,423,038</u>	<u>\$ 1,473,795</u>	<u>\$ 1,489,893</u>	<u>\$ 1,471,224</u>	<u>\$ 1,401,879</u>	<u>\$ 1,450,556</u>	<u>\$ 1,444,539</u>	<u>\$ 1,438,877</u>	<u>\$ 1,444,074</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	171%	235%	256%	279%	350%	431%	355%	283%	276%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

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

	<u>2022</u>	<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	\$ 239,954	\$ 231,978	\$ 205,642	\$ 207,355	\$ 195,278	\$ 187,330	\$ 196,300	\$ 180,567	\$ 158,190
Contributions in Relation to the Contractually Required Contributions	<u>239,954</u>	<u>231,978</u>	<u>205,642</u>	<u>207,355</u>	<u>195,278</u>	<u>187,330</u>	<u>196,300</u>	<u>180,567</u>	<u>158,190</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 1,480,893</u>	<u>\$ 1,423,038</u>	<u>\$ 1,473,795</u>	<u>\$ 1,489,893</u>	<u>\$ 1,471,224</u>	<u>\$ 1,401,879</u>	<u>\$ 1,450,556</u>	<u>\$ 1,444,539</u>	<u>\$ 1,438,877</u>
Contributions as a Percentage of Covered Payroll	16.20%	16.30%	13.95%	13.92%	13.27%	13.36%	13.53%	12.50%	10.99%

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

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

**TEACHERS PENSION AND ANNUITY FUND  
Last Nine Fiscal Years \***

	<u>2022</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>47,019,797</u>	<u>63,389,956</u>	<u>55,710,729</u>	<u>59,263,312</u>	<u>62,614,967</u>	<u>73,284,063</u>	<u>57,612,766</u>	<u>49,936,169</u>	<u>46,868,652</u>
Total	<u>\$ 47,019,797</u>	<u>\$ 63,389,956</u>	<u>\$ 55,710,729</u>	<u>\$ 59,263,312</u>	<u>\$ 62,614,967</u>	<u>\$ 73,284,063</u>	<u>\$ 57,612,766</u>	<u>\$ 49,936,169</u>	<u>\$ 46,868,652</u>
District's Covered Payroll	<u>\$ 10,283,089</u>	<u>\$ 10,391,285</u>	<u>\$ 10,476,985</u>	<u>\$ 10,258,151</u>	<u>\$ 9,698,834</u>	<u>\$ 9,481,470</u>	<u>\$ 9,317,249</u>	<u>\$ 9,350,572</u>	<u>\$ 9,307,551</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.52%	24.60%	26.95%	26.48%	25.41%	22.33%	28.74%	33.64%	33.76%

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

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

**CLOSTER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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.

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

**POSTEMPLOYMENT HEALTH BENEFIT PLAN**

Last Five Fiscal Years\*

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service Cost	\$ 2,259,882	\$ 1,267,641	\$ 1,136,599	\$ 1,285,262	\$ 1,568,114
Interest on the Total OPEB Liability	1,051,452	983,833	1,180,556	1,245,270	1,068,374
Changes in Benefit Terms	(43,142)				
Differences Between Expected and Actual Experience	(6,992,959)	8,085,089	(4,463,907)	(2,455,140)	
Changes of Assumptions	39,988	8,223,333	405,831	(3,416,287)	(4,475,998)
Gross Benefit Payments	(828,250)	(783,735)	(835,529)	(796,046)	(661,790)
Contribution from the Member	26,880	23,755	24,767	27,513	24,369
<b>Net Change in Total OPEB Liability</b>	(4,486,149)	17,799,916	(2,551,683)	(4,109,428)	(2,476,931)
<b>Total OPEB Liability - Beginning</b>	<u>45,018,501</u>	<u>27,218,585</u>	<u>29,770,268</u>	<u>33,879,696</u>	<u>36,356,627</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 40,532,352</u>	<u>\$ 45,018,501</u>	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
District's Proportionate Share	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share	<u>\$ 40,532,352</u>	<u>\$ 45,018,501</u>	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
Total OPEB Liability - Ending	<u>\$ 40,532,352</u>	<u>\$ 45,018,501</u>	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
<b>Covered Payroll</b>	<u>\$ 11,706,127</u>	<u>\$ 11,865,080</u>	<u>\$ 11,966,878</u>	<u>\$ 11,729,375</u>	<u>\$ 11,100,713</u>
<b>District's Proportionate Share of OPEB Liability as a Percentage of Covered Payroll:</b>	0%	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.

**CLOSTER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

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

**SCHOOL LEVEL SCHEDULES**

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

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**



CLOSTER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	E.S.E.A.	I. D. E. A.		American Rescue Plan - I.D.E.A.		SDA Emergent & Capital Maintenance Needs	Nonpublic State Aid		Handicapped Serv. (Chapter 193)	Total Exhibit E-1a	Grand Total
	Title I Part A	Part B Basic	Part B Preschool	Part B Basic	Part B Preschool		Textbook	Technology	Corrective Speech		
<b>REVENUES:</b>											
Federal Sources	\$ 50,752	\$ 252,459	\$ 11,394	\$ 50,137	\$ 4,283					\$ 619,127	\$ 988,152
State Sources						\$ 26,648	\$ 1,681	\$ 1,176	\$ 2,418	-	31,923
Local Sources	-	-	-	-	-	-	-	-	-	114,029	114,029
<b>Total Revenues</b>	<b>50,752</b>	<b>252,459</b>	<b>11,394</b>	<b>50,137</b>	<b>4,283</b>	<b>26,648</b>	<b>1,681</b>	<b>1,176</b>	<b>2,418</b>	<b>733,156</b>	<b>1,134,104</b>
<b>EXPENDITURES:</b>											
Instruction:											
Salaries of Teachers	\$ 34,900									\$ 126,650	161,550
Other Salaries for Instruction										79,159	79,159
Purchased Professional Technical Services										12,400	12,400
Co-Curricular/Extra-Curricular Activities										47,676	47,676
Tuition		\$ 252,459	\$ 11,394	\$ 2,250						-	266,103
Textbooks							\$ 1,681			-	1,681
Supplies and Materials	147			47,887	\$ 4,283			\$ 1,176		59,868	113,361
Miscellaneous Expenditures	-	-	-	-	-	-	-	-	-	14,646	14,646
<b>Total Instruction</b>	<b>35,047</b>	<b>252,459</b>	<b>11,394</b>	<b>50,137</b>	<b>4,283</b>	<b>-</b>	<b>1,681</b>	<b>1,176</b>	<b>-</b>	<b>340,399</b>	<b>696,576</b>
Support Services:											
Salaries										123,714	123,714
Personal Services-Employee Benefits	15,705									84,872	100,577
Purchased Professional Technical Services										72,350	72,350
Purchased Professional Educational Services										-	2,418
Cleaning, Repair and Maintenance Services						\$ 26,648			\$ 2,418	-	26,648
Other Purchased Services										4,400	4,400
Supplies and Materials										500	500
Scholarship Awards	-	-	-	-	-	-	-	-	-	1,697	1,697
<b>Total Support Services</b>	<b>15,705</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,648</b>	<b>-</b>	<b>-</b>	<b>2,418</b>	<b>287,533</b>	<b>332,304</b>
Capital Outlay											
Construction Services										61,955	61,955
Instructional Equipment										22,489	22,489
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,444</b>	<b>84,444</b>
<b>Total Expenditures</b>	<b>50,752</b>	<b>252,459</b>	<b>11,394</b>	<b>50,137</b>	<b>4,283</b>	<b>26,648</b>	<b>1,681</b>	<b>1,176</b>	<b>2,418</b>	<b>712,376</b>	<b>1,113,324</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	20,780	20,780
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	43,915	43,915
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,695	\$ 64,695

CLOSTER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ESSER II			American Rescue Plan - ESSER III					Student Activities	Scholarships	Local Donations	Total Exhibit E-1a
	CRRSA Act	Learning Acceleration	Mental Health	ESSER III	Accelerated Learning Coach and Educator Support	Evidence-Based Summer Learning and Enrichment	Evidence-Based Comprehensive Beyond the School Day	NJSS				
<b>REVENUES:</b>												
Federal Sources	\$ 217,572	\$ 25,000	\$ 45,000	\$ 331,555							\$ 619,127	
State Sources	-	-	-	-	-	-	-	-	\$ 70,150	\$ 3	-	
Local Sources	-	-	-	-	-	-	-	-	-	\$ 43,876	114,029	
<b>Total Revenues</b>	<b>217,572</b>	<b>25,000</b>	<b>45,000</b>	<b>331,555</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,150</b>	<b>3</b>	<b>43,876</b>	<b>733,156</b>
<b>EXPENDITURES:</b>												
<b>Instruction:</b>												
Salaries of Teachers	\$ 91,300	\$ 16,800		\$ 18,550							126,650	
Other Salaries for Instruction				79,159							79,159	
Purchased Professional Technical Services			\$ 12,400						\$ 47,676		12,400	
Co-Curricular/Extra-Curricular Activities											47,676	
Supplies and Materials	37,177	1,950	14,000							\$ 6,741	59,868	
Miscellaneous Expenditures	-	-	-	-	-	-	-	-	-	14,646	14,646	
<b>Total Instruction</b>	<b>128,477</b>	<b>18,750</b>	<b>26,400</b>	<b>97,709</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,676</b>	<b>-</b>	<b>21,387</b>	<b>340,399</b>
<b>Support Services:</b>												
Salaries	63,639		7,200	52,875							123,714	
Personal Services-Employee Benefits	25,456			59,416							84,872	
Purchased Professional Technical Services		6,250	6,500	59,600							72,350	
Other Purchased Services			4,400								4,400	
Supplies and Materials			500								500	
Scholarship Awards	-	-	-	-	-	-	-	-	\$ 1,697	-	1,697	
<b>Total Support Services</b>	<b>89,095</b>	<b>6,250</b>	<b>18,600</b>	<b>171,891</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,697</b>	<b>-</b>	<b>287,533</b>
<b>Capital Outlay</b>												
Construction Services				61,955							61,955	
Instructional Equipment	-	-	-	-	-	-	-	-	-	22,489	22,489	
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,955</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,489</b>	<b>84,444</b>
<b>Total Expenditures</b>	<b>217,572</b>	<b>25,000</b>	<b>45,000</b>	<b>331,555</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,676</b>	<b>1,697</b>	<b>43,876</b>	<b>712,376</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	22,474	(1,694)	-	20,780
Fund Balance, July 1	-	-	-	-	-	-	-	-	42,221	1,694	-	43,915
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,695	\$ -	\$ -	\$ 64,695

**CLOSTER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

**NOT APPLICABLE**

**ENTERPRISE FUND**

**NOT APPLICABLE**

**INTERNAL SERVICE FUND**

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

**NOT APPLICABLE**

**FIDUCIARY FUND**

**NOT APPLICABLE**

**LONG-TERM DEBT**



CLOSTER BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<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, 2021</u>	<u>Retirements</u>	<u>Balance, June 30, 2022</u>
			<u>Date</u>	<u>Amount</u>				
School Refunding Bonds	8/1/2013	\$ 2,790,000	4/1/23	\$ 270,000	2.35 %			
			4/1/24	270,000	2.35	\$ 810,000	\$ 270,000	\$ 540,000
						<u>\$ 810,000</u>	<u>\$ 270,000</u>	<u>\$ 540,000</u>

**CLOSTER BOARD OF EDUCATION  
SCHEDULE OF FINANCING AGREEMENTS AND LEASES PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOT APPLICABLE**

**CLOSTER BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 289,035	-	\$ 289,035	\$ 289,035	-
Total Revenues	<u>289,035</u>	<u>-</u>	<u>289,035</u>	<u>289,035</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	19,035		19,035	19,035	
Redemption of Principal	<u>270,000</u>	<u>-</u>	<u>270,000</u>	<u>270,000</u>	<u>-</u>
Total Regular Debt Service	<u>289,035</u>	<u>-</u>	<u>289,035</u>	<u>289,035</u>	<u>-</u>
Total Expenditures	<u>289,035</u>	<u>-</u>	<u>289,035</u>	<u>289,035</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 Closter's Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the district's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the district'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 district's current levels of outstanding debt and the district'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 district'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 district provides and the activities it performs.

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Net Investment in Capital Assets	\$ 8,869,125	\$ 9,814,001	\$ 11,006,875	\$ 11,988,061	\$ 12,698,521	\$ 12,857,332	\$ 12,859,089	\$ 12,725,694	\$ 12,506,759	\$ 12,971,124
Restricted	2,125,103	2,590,536	2,826,876	2,929,437	2,096,757	2,465,334	2,767,421	3,616,955	4,512,459	5,959,171
Unrestricted	1,554,013	(2,721,410)	(2,949,655)	(3,286,663)	(3,162,132)	(3,840,268)	(3,893,030)	(3,519,103)	(2,340,238)	(1,898,811)
<b>Total governmental activities net position</b>	<u>\$ 12,548,241</u>	<u>\$ 9,683,127</u>	<u>\$ 10,884,096</u>	<u>\$ 11,630,835</u>	<u>\$ 11,633,146</u>	<u>\$ 11,482,398</u>	<u>\$ 11,733,480</u>	<u>\$ 12,823,546</u>	<u>\$ 14,678,980</u>	<u>\$ 17,031,484</u>
<b>Business-type activities</b>										
Net Investment in Capital Assets										
Restricted										
Unrestricted	\$ 4,609	\$ 7,490	\$ 6,837	\$ 8,615	\$ 8,922	\$ 21,345	\$ 2,307	\$ 8,488	\$ 1,448	\$ 1,619
<b>Total business-type activities net position</b>	<u>\$ 4,609</u>	<u>\$ 7,490</u>	<u>\$ 6,837</u>	<u>\$ 8,615</u>	<u>\$ 8,922</u>	<u>\$ 21,345</u>	<u>\$ 2,307</u>	<u>\$ 8,488</u>	<u>\$ 1,448</u>	<u>\$ 1,619</u>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 8,869,125	\$ 9,814,001	\$ 11,006,875	\$ 11,988,061	\$ 12,698,521	\$ 12,857,332	\$ 12,859,089	\$ 12,725,694	\$ 12,506,759	\$ 12,971,124
Restricted	2,125,103	2,590,536	2,826,876	2,929,437	2,096,757	2,465,334	2,767,421	3,616,955	4,512,459	5,959,171
Unrestricted	1,558,622	(2,713,920)	(2,942,818)	(3,278,048)	(3,153,210)	(3,818,923)	(3,890,723)	(3,510,615)	(2,338,790)	(1,897,192)
<b>Total district net position</b>	<u>\$ 12,552,850</u>	<u>\$ 9,690,617</u>	<u>\$ 10,890,933</u>	<u>\$ 11,639,450</u>	<u>\$ 11,642,068</u>	<u>\$ 11,503,743</u>	<u>\$ 11,735,787</u>	<u>\$ 12,832,034</u>	<u>\$ 14,680,428</u>	<u>\$ 17,033,103</u>

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

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

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 9,082,284	\$ 8,910,684	\$ 10,553,914	\$ 11,595,317	\$ 13,109,487	\$ 13,159,162	\$ 11,993,524	\$ 11,542,724	\$ 12,381,161	\$ 10,526,164
Special education	2,563,227	2,478,622	3,021,629	3,231,625	3,622,128	4,231,585	4,579,138	5,112,201	5,334,451	5,251,186
Other instruction	1,045,101	929,029	1,095,323	1,219,704	1,425,230	1,543,864	1,465,189	1,483,011	1,561,645	1,620,677
School Sponsored Activities and Athletics	91,524	94,457	104,000	130,874	128,324	138,886	144,469	110,328	149,247	123,534
<b>Support Services:</b>										
Student & instruction related services	2,420,970	2,278,238	2,555,342	2,636,133	2,833,221	2,691,068	2,842,579	2,642,524	3,439,990	3,871,088
General administration Services	782,212	752,564	843,106	781,338	820,760	896,526	843,292	588,670	648,660	594,824
School Administration services	1,013,002	1,046,264	912,043	1,128,951	1,218,962	1,225,447	1,055,365	1,125,058	1,297,226	1,184,038
Business / Central Services	370,848	347,464	461,551	518,820	594,053	698,980	809,328	834,914	838,727	710,063
Plant operations and maintenance	1,524,964	2,163,304	2,344,995	2,389,613	2,658,791	2,569,570	2,602,352	2,474,510	2,484,392	2,713,669
Pupil transportation	184,151	157,509	198,893	231,204	229,586	292,870	347,314	306,668	233,962	410,408
Interest on long-term debt	168,940	128,803	72,732	61,222	54,437	47,740	41,072	34,521	28,088	21,743
<b>Total governmental activities expenses</b>	<b>19,247,223</b>	<b>19,286,938</b>	<b>22,143,528</b>	<b>23,924,801</b>	<b>26,694,979</b>	<b>27,495,698</b>	<b>26,723,622</b>	<b>26,255,129</b>	<b>28,397,549</b>	<b>27,027,394</b>
<b>Business-type activities:</b>										
Food service	35,506	31,722	34,217	28,978	22,726	9,631	38,741	4,279	-	5,127
<b>Total business-type activities expense</b>	<b>35,506</b>	<b>31,722</b>	<b>34,217</b>	<b>28,978</b>	<b>22,726</b>	<b>9,631</b>	<b>38,741</b>	<b>4,279</b>	<b>-</b>	<b>5,127</b>
<b>Total district expenses</b>	<b>\$ 19,282,729</b>	<b>\$ 19,318,660</b>	<b>\$ 22,177,745</b>	<b>\$ 23,953,779</b>	<b>\$ 26,717,705</b>	<b>\$ 27,505,329</b>	<b>\$ 26,762,363</b>	<b>\$ 26,259,408</b>	<b>\$ 28,397,549</b>	<b>\$ 27,032,521</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
Instruction (tuition)	\$ 346,617	\$ 407,960	\$ 394,577	\$ 423,143	\$ 382,786	\$ 355,064	\$ 503,526	\$ 477,638	\$ 399,219	\$ 669,854
Operating grants and contributions	2,809,385	2,533,652	4,982,587	5,886,012	7,838,106	8,103,908	6,988,349	6,261,406	8,917,654	7,209,959
Capital grants and contributions	35,360	22,314	326,736	255,455	-	-	-	-	-	103,658
<b>Total governmental activities program revenues</b>	<b>3,191,362</b>	<b>2,963,926</b>	<b>5,703,900</b>	<b>6,564,610</b>	<b>8,220,892</b>	<b>8,458,972</b>	<b>7,491,875</b>	<b>6,739,044</b>	<b>9,316,873</b>	<b>7,983,471</b>
<b>Business-type activities:</b>										
<b>Charges for services</b>										
Food service	\$ 21,536	\$ 20,998	\$ 20,802	\$ 20,505	\$ 15,470	\$ 14,743	\$ 13,176	\$ 7,830		\$ 5,450
Operating grants and contributions	12,282	13,507	12,691	10,181	7,493	7,214	6,269	2,577		3,348
<b>Total business-type activities program revenues</b>	<b>33,818</b>	<b>34,505</b>	<b>33,493</b>	<b>30,686</b>	<b>22,963</b>	<b>21,957</b>	<b>19,445</b>	<b>10,407</b>	<b>-</b>	<b>8,798</b>
<b>Total district program revenues</b>	<b>\$ 3,225,180</b>	<b>\$ 2,998,431</b>	<b>\$ 5,737,393</b>	<b>\$ 6,595,296</b>	<b>\$ 8,243,855</b>	<b>\$ 8,480,929</b>	<b>\$ 7,511,320</b>	<b>\$ 6,749,451</b>	<b>\$ 9,316,873</b>	<b>\$ 7,992,269</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental activities</b>	\$ (16,055,861)	\$ (16,323,012)	\$ (16,439,628)	\$ (17,360,191)	\$ (18,474,087)	\$ (19,036,726)	\$ (19,231,747)	\$ (19,516,085)	\$ (19,080,676)	\$ (19,043,923)
<b>Business-type activities</b>	(1,688)	2,783	(724)	1,708	237	12,326	(19,296)	6,128	-	3,671
<b>Total district-wide net expense</b>	<b>\$ (16,057,549)</b>	<b>\$ (16,320,229)</b>	<b>\$ (16,440,352)</b>	<b>\$ (17,358,483)</b>	<b>\$ (18,473,850)</b>	<b>\$ (19,024,400)</b>	<b>\$ (19,251,043)</b>	<b>\$ (19,509,957)</b>	<b>\$ (19,080,676)</b>	<b>\$ (19,040,252)</b>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes	\$ 15,879,328	\$ 16,292,191	\$ 16,892,382	\$ 17,665,255	\$ 18,016,520	\$ 18,443,738	\$ 19,060,135	\$ 19,878,929	\$ 20,517,275	\$ 21,041,740
Taxes levied for debt service	1,064,358	1,031,901	663,568	339,646	336,818	330,119	318,422	306,843	295,380	289,035
Unrestricted Grants and Contributions			19,984	21,252	31,286	32,300	2,598			
Investment earnings	16,709	16,667	10,436	13,449	14,683	15,621	6,607	38,251	8,611	13,441
Miscellaneous income	49,471	71,006	54,227	69,328	77,091	64,200	95,067	76,269	107,801	48,711
Transfers								7,043		3,500
Donation of Capital Assets	44,805	32,263								
<b>Total governmental activities</b>	<b>17,054,671</b>	<b>17,444,028</b>	<b>17,640,597</b>	<b>18,106,930</b>	<b>18,476,398</b>	<b>18,885,978</b>	<b>19,482,829</b>	<b>20,300,292</b>	<b>20,936,110</b>	<b>21,396,427</b>
<b>Business-type activities:</b>										
Investment earnings	99	98	71	70	70	97	258	53	3	-
Transfers									(7,043)	(3,500)
<b>Total business-type activities</b>	<b>99</b>	<b>98</b>	<b>71</b>	<b>70</b>	<b>70</b>	<b>97</b>	<b>258</b>	<b>53</b>	<b>(7,040)</b>	<b>(3,500)</b>
<b>Total district-wide</b>	<b>\$ 17,054,770</b>	<b>\$ 17,444,126</b>	<b>\$ 17,640,668</b>	<b>\$ 18,107,000</b>	<b>\$ 18,476,468</b>	<b>\$ 18,886,075</b>	<b>\$ 19,483,087</b>	<b>\$ 20,300,345</b>	<b>\$ 20,929,070</b>	<b>\$ 21,392,927</b>
<b>Change in Net Position</b>										
<b>Governmental activities</b>	\$ 998,810	\$ 1,121,016	\$ 1,200,969	\$ 746,739	\$ 2,311	\$ (150,748)	\$ 251,082	\$ 784,207	\$ 1,855,434	\$ 2,352,504
<b>Business-type activities</b>	(1,589)	2,881	(652)	1,778	307	12,423	(19,038)	6,181	(7,040)	171
<b>Total district</b>	<b>\$ 997,221</b>	<b>\$ 1,123,897</b>	<b>\$ 1,200,316</b>	<b>\$ 748,517</b>	<b>\$ 2,618</b>	<b>\$ (138,325)</b>	<b>\$ 232,044</b>	<b>\$ 790,388</b>	<b>\$ 1,848,394</b>	<b>\$ 2,352,675</b>

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 3,001,539	\$ 2,428,591	\$ 3,291,997	\$ 3,829,436	\$ 2,996,755	\$ 3,365,333	\$ 3,642,421	\$ 4,336,009	\$ 5,718,544	\$ 7,144,476
Committed	766,171	393,062	213,708		584,518	69,312	71,131	223,549	514,447	95,078
Assigned	125,014	159,919	28,717	79,159	14,113	22,068	7,327	91,080	152,687	315,976
Unassigned	292,645	332,777	323,309	341,548	357,392	366,556	358,808	345,658	752,639	817,413
Total general fund	<u>\$ 4,185,369</u>	<u>\$ 3,314,349</u>	<u>\$ 3,857,731</u>	<u>\$ 4,250,143</u>	<u>\$ 3,952,778</u>	<u>\$ 3,823,269</u>	<u>\$ 4,079,687</u>	<u>\$ 4,996,296</u>	<u>\$ 7,138,317</u>	<u>\$ 8,372,943</u>
All Other Governmental Funds										
Restricted	\$ 1	\$ 1,063,382	\$ 434,879	\$ -	\$ 2	\$ 1	\$ -	\$ -	\$ 43,915	\$ 64,695
Total all other governmental funds	<u>\$ 1</u>	<u>\$ 1,063,382</u>	<u>\$ 434,879</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,915</u>	<u>\$ 64,695</u>

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
									(Restated)	
<b>Revenues</b>										
Tax levy	\$ 16,943,686	\$ 17,324,092	\$ 17,555,950	\$ 18,002,901	\$ 18,353,338	\$ 18,773,857	\$ 19,378,557	\$ 20,185,772	\$ 20,812,655	\$ 21,330,775
Tuition charges	346,617	407,960	394,577	423,143	382,786	355,064	503,526	477,638	383,966	599,704
Interest earnings	16,709	16,667	10,436	13,449	14,683	15,621	6,607	38,251	8,611	13,441
Miscellaneous	49,471	71,006	54,227	69,328	77,091	65,231	200,076	137,304	189,820	162,740
State sources	2,590,113	2,308,787	2,841,908	3,124,703	3,148,088	3,671,452	4,248,697	4,696,549	5,705,627	7,140,408
Federal sources	254,632	247,179	263,007	266,098	259,608	271,458	348,871	349,013	490,267	1,018,058
<b>Total revenue</b>	<b>20,201,228</b>	<b>20,375,691</b>	<b>21,120,105</b>	<b>21,899,622</b>	<b>22,235,594</b>	<b>23,152,683</b>	<b>24,686,334</b>	<b>25,884,527</b>	<b>27,590,946</b>	<b>30,265,126</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	9,152,243	8,878,053	9,002,581	9,711,083	10,017,920	10,545,805	10,582,628	10,774,095	10,916,869	11,043,059
Special education instruction	2,246,804	2,464,945	2,682,844	2,820,378	2,974,372	3,614,452	4,229,574	4,918,173	4,916,039	5,509,134
Other instruction	993,876	934,454	915,663	978,538	1,050,230	1,179,924	1,285,398	1,349,669	1,358,943	1,753,245
School sponsored activities and athletics	88,832	94,457	88,850	109,370	97,513	111,612	128,209	103,298	143,038	127,849
<b>Support Services:</b>										
Student & inst. related services	2,259,045	2,277,704	2,532,003	2,526,546	2,644,338	2,471,434	2,727,967	2,622,844	3,277,156	4,081,588
General administration Services	756,423	729,155	787,190	710,881	713,935	779,134	804,138	571,140	596,223	626,011
School Administration services	991,719	1,015,415	814,011	981,746	965,092	1,003,476	940,210	1,064,143	1,163,870	1,252,375
Business / Central Services	345,562	353,392	396,875	434,009	458,863	561,466	715,000	797,596	750,611	746,504
Plant operations and maintenance	1,485,173	1,673,632	1,802,229	1,653,580	1,870,635	1,722,214	1,812,344	1,709,821	1,668,869	2,055,522
Pupil transportation	183,809	157,509	198,723	230,697	228,349	290,234	346,436	306,726	233,804	412,094
Capital outlay	139,774	621,380	1,160,368	1,436,628	1,174,894	672,322	539,590	443,570	397,110	1,116,804
<b>Debt service:</b>										
Principal	944,682	946,942	648,466	290,000	285,000	285,000	280,000	275,000	270,000	270,000
Interest and other charges	179,996	145,279	75,423	58,632	51,817	45,120	38,423	31,843	25,380	19,035
Bond Issuance Costs		23,070								
Advance to Refunding Escrow		42,943								
<b>Total expenditures</b>	<b>19,767,938</b>	<b>20,358,330</b>	<b>21,105,226</b>	<b>21,942,088</b>	<b>22,532,958</b>	<b>23,282,193</b>	<b>24,429,917</b>	<b>24,967,918</b>	<b>25,717,912</b>	<b>29,013,220</b>
Excess (Deficiency) of revenues over (under) expenditures	433,290	17,361	14,879	(42,466)	(297,364)	(129,510)	256,417	916,609	1,873,034	1,251,906
<b>Other Financing Sources (Uses)</b>										
Payment to Refunding Bond Escrow Agent		(2,715,000)								
Refunding Bonds Issued		2,790,000								
Capital Lease Proceeds	179,526									
Transfers In	51,058	1,087,865		55,107					7,043	3,500
Transfers Out	(51,058)	(1,087,865)		(55,107)						
<b>Total other financing sources (uses)</b>	<b>179,526</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,043</b>	<b>3,500</b>
<b>Net change in fund balances</b>	<b>\$ 612,816</b>	<b>\$ 92,361</b>	<b>\$ 14,879</b>	<b>\$ (42,466)</b>	<b>\$ (297,364)</b>	<b>\$ (129,510)</b>	<b>\$ 256,417</b>	<b>\$ 916,609</b>	<b>\$ 1,880,077</b>	<b>\$ 1,255,406</b>
Debt service as a percentage of noncapital expenditures	5.73%	5.87%	3.63%	1.70%	1.58%	1.46%	1.33%	1.25%	1.17%	1.04%

\* Noncapital expenditures are total expenditures less capital outlay.



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

<b>Fiscal Year Ended June 30</b>	<b><u>Tuition</u></b>	<b><u>Interest on Investments</u></b>	<b><u>Facility Rental Fees</u></b>	<b><u>E-Rate</u></b>	<b><u>Recycle Computer Equipment</u></b>	<b><u>Misc.</u></b>	<b><u>Total</u></b>
2013	\$ 346,617	\$ 16,709				\$ 49,471	\$ 412,797
2014	407,960	16,667				71,006	495,633
2015	394,577	10,436				54,227	459,240
2016	423,143	13,449				69,328	505,920
2017	382,786	14,683				77,091	474,560
2018	355,064	15,621				64,200	434,885
2019	503,526	6,607				95,067	605,200
2020	477,638	38,251				76,269	592,158
2021	383,966	8,611	10,797	4,789		92,215	500,378
2022	599,704	13,441	12,000	8,576	24,165	3,970	661,856

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

Calendar Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual	Total Direct
											(County Equalized) Value	School Tax Rate <sup>a</sup>
2013	\$ 20,163,200	\$ 1,796,514,400	\$ 5,471,800	\$ 31,500	\$ 218,075,800	\$ 15,045,700	\$ 959,600	\$ 2,056,262,000	\$ 100,000	\$ 2,056,362,000	\$ 2,035,360,558	\$ 0.834
2014	21,831,400	1,799,979,800	4,541,600	30,500	219,295,200	19,545,700	959,600	2,066,183,800	100,000	2,066,283,800	2,030,585,074	0.844
2015	20,358,100	1,805,323,200	4,541,600	30,500	216,624,800	18,964,000	959,600	2,066,801,800	100,000	2,066,901,800	2,099,516,054	0.860
2016	19,884,100	1,816,990,700	4,612,200	30,500	216,412,100	18,964,000	959,600	2,077,853,200	100,000	2,077,953,200	2,129,915,670	0.875
2017	19,611,500	1,825,939,100	4,612,200	26,200	215,541,300	19,914,000	959,600	2,086,603,900	100,000	2,086,703,900	2,140,987,596	0.890
2018	18,196,800	1,884,747,100	5,037,000	25,100	237,104,000	21,569,100		2,166,679,100	100,000	2,166,779,100	2,168,261,971	0.881
2019	18,903,200	1,923,578,700	5,432,700	25,100	256,031,300	22,812,900		2,226,783,900	100,000	2,226,883,900	2,226,975,293	0.889
2020	18,627,800	1,956,453,700	5,547,400	25,100	265,247,800	23,968,500		2,269,870,300	100,000	2,269,970,300	2,293,283,498	0.904
2021	17,355,800	1,948,606,900	5,503,700	25,100	262,408,600	24,092,200		2,257,992,300	100,000	2,258,092,300	2,260,654,086	0.934
2022	17,045,800	2,049,815,100	5,712,700	25,100	293,427,400	44,225,800		2,410,251,900	100,000	2,410,351,900	2,399,639,232	0.894

Source: County Abstract of Ratables

<sup>a</sup> Tax rates are per \$100

N/A = Not Available

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

<b>Calendar Year</b>	<b>Total Direct Tax Rate</b>	<b>Overlapping Rates</b>			
		<b>Regional High School District</b>	<b>Municipality</b>	<b>County</b>	<b>Total</b>
2013	\$ .834	.520	.521	.227	\$ 2.102
2014	.844	.520	.535	.230	2.129
2015	.860	.539	.547	.244	2.190
2016	.875	.553	.549	.262	2.239
2017	.890	.565	.569	.258	2.282
2018	.881	.544	.556	.245	2.226
2019	.889	.528	.555	.245	2.217
2020	.904	.525	.561	.251	2.241
2021	.934	.539	.578	.253	2.304
2022	.894	.523	.554	.241	2.212

Source: Borough of Closter

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

Taxpayer	2022		Taxpayer	2013	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Closter Mktplace (EBA) LLC	\$ 70,944,400	0.029433213	Closter Mktplace (EBA) LLC	\$ 31,500,000	1.53%
Railroad Ave. Real Estate Holdings	17,694,900	0.00734121	Closter Grocery	8,645,300	0.42%
50 Railroad LLC	9,716,200	0.00403103	Heidenberg Closter Assoc.	7,368,000	0.36%
Closter Grocery	8,642,900	0.003585742	Closter Golf	6,999,700	0.34%
Heidenberg Closter Assoc.	8,447,200	0.003504551	United Water New Jersey	5,891,200	0.29%
Closter Golf	7,790,600	0.003232142	Reuten Associates	4,581,700	0.22%
Fred Reuten, Inc.	7,535,100	0.003126141	DWL Monmouth c/o Daniel Cho	4,553,500	0.22%
Reuten Associates	7,455,800	0.003093241	Fred Reuten, Inc.	4,492,400	0.22%
Suez C/O Altus Group	5,891,200	0.002444124	BR NJ LLC	4,167,400	0.20%
Nippon Express USA	5,786,500	0.002400687	Femast Management LLC	3,435,000	0.17%
	<u>\$ 149,904,800</u>	<u>6.22%</u>		<u>\$ 81,634,200</u>	<u>3.97%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 16,943,686	\$ 16,943,686	100.00%	N/A
2014	17,324,092	17,324,092	100.00%	N/A
2015	17,555,950	17,555,950	100.00%	N/A
2016	18,002,901	18,002,901	100.00%	N/A
2017	18,353,338	18,353,338	100.00%	N/A
2018	18,773,857	18,005,367	95.91%	\$ 768,490
2019	19,378,557	19,378,557	100.00%	N/A
2020	20,185,772	20,185,772	100.00%	N/A
2021	20,812,655	20,812,655	100.00%	N/A
2022	21,330,775	21,330,775	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Capital Financing Agreements	Intergovernmental Loans Payable			
2013	\$ 3,579,000	\$ 119,206	\$ 317,202	\$ 4,015,408	8,621	\$ 466
2014	3,084,000	59,466		3,143,466	8,652	363
2015	2,495,000			2,495,000	8,659	288
2016	2,205,000			2,205,000	8,673	254
2017	1,920,000			1,920,000	8,658	222
2018	1,635,000			1,635,000	8,767	186
2019	1,355,000			1,355,000	8,722	155
2020	1,080,000			1,080,000	8,669	125
2021	810,000			810,000	8,626	94
2022	540,000			540,000	9,101	* 59

Source: District records

\* = Estimated

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

<u>General Obligation Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2013	\$ 3,896,202		\$ 3,896,202	0.19%	\$ 452
2014	3,084,000	\$ 8,988	3,075,012	0.15%	355
2015	2,495,000	8,987	2,486,013	0.12%	287
2016	2,205,000	1	2,204,999	0.11%	254
2017	1,920,000	2	1,919,998	0.09%	222
2018	1,635,000	1	1,634,999	0.08%	186
2019	1,355,000		1,355,000	0.06%	155
2020	1,080,000		1,080,000	0.05%	125
2021	810,000		810,000	0.04%	94
2022	540,000		540,000	0.02%	59

Source: District records

**CLOSTER BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2021  
(Unaudited)**

	<u><b>Total Debt</b></u>
Municipal Debt: (1)	
Regional School District	\$ 2,742,506
Borough of Closter Board of Education	810,000
Borough of Closter	<u>19,291,350</u>
	<u>\$ 22,843,856</u>
 Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	17,935,725
Bergen County Utilities Authority - Waste Water(B)	<u>3,164,327</u>
	<u>21,100,052</u>
Total Direct and Overlapping Debt	<u>\$ 43,943,908</u>

Source:

(1) Borough of Closter's 2021 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Closter by dividing the municipality's 2021 equalized value by the total 2021 equalized value for the County of Bergen.

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



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

**Legal Debt Margin Calculation for Fiscal Year 2021**

Equalized valuation basis	
2021	\$ 2,375,083,938
2020	2,252,973,002
2019	<u>2,303,013,652</u>
	<u>\$ 6,931,070,592</u>
Average equalized valuation of taxable property	<u>\$ 2,310,356,864</u>
Debt limit (3% of	69,310,706
Total Net Debt Applicable to Limit	<u>540,000</u>
Legal debt margin	<u>\$ 68,770,706</u>

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt limit	\$ 62,657,788	\$ 61,343,964	\$ 61,356,710	\$ 62,249,565	\$ 63,338,641	\$ 63,934,300	\$ 64,912,967	\$ 66,690,642	\$ 67,680,123	\$ 69,310,706
Total net debt applicable to limit	<u>3,896,202</u>	<u>3,084,000</u>	<u>2,495,000</u>	<u>2,205,000</u>	<u>1,920,000</u>	<u>1,635,000</u>	<u>1,355,000</u>	<u>1,080,000</u>	<u>810,000</u>	<u>540,000</u>
Legal debt margin	<u>\$ 58,761,586</u>	<u>\$ 58,259,964</u>	<u>\$ 58,861,710</u>	<u>\$ 60,044,565</u>	<u>\$ 61,418,641</u>	<u>\$ 62,299,300</u>	<u>\$ 63,557,967</u>	<u>\$ 65,610,642</u>	<u>\$ 66,870,123</u>	<u>\$ 68,770,706</u>
Total net debt applicable to the limit as a percentage of debt limit	6.22%	5.03%	4.07%	3.54%	3.03%	2.56%	2.09%	1.62%	1.20%	0.78%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population (A)</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2013	8,621	\$ 71,773	7.70%
2014	8,652	71,286	4.50%
2015	8,659	73,883	3.70%
2016	8,673	77,323	3.20%
2017	8,658	78,836	3.00%
2018	8,767	81,024	2.90%
2019	8,722	85,191	2.50%
2020	8,669	88,241	7.80%
2021	8,626	91,972	4.90%
2022	9,101	91,972 *	4.90% *

A - Estimated

Source: New Jersey State Department of Education

\* - Estimated

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

	<u>2022</u>		<u>2013</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	68.0	67.0	64.0	65.0	85.0	72.6	72.0	71.0	71.0	71.0
Special education	14.0	13.0	13.5	13.0	22.5	18.2	27.0	27.0	27.0	27.0
Other instruction (ESL, Basic)	4.0	4.0	4.0	4.0	7.0	8.0	7.0	7.0	7.0	7.0
Co-curricular activities					0.2	0.2	0.2			
Support Services:										
Student and instruction related services	60.0	60.0	64.0	72.0	26.0	45.8	44.3	46.2	48.4	48.5
General administration	5.6	5.6	5.0	5.0	5.0	5.8	5.0	5.0	5.0	5.0
School administrative services	5.5	5.5	6.0	6.0	6.0	8.2	7.0	7.0	6.6	7.0
Central services	4.0	4.0	4.0	4.0	2.0	1.0	4.0	4.0	4.0	4.0
Plant operations and maintenance	11.0	11.0	11.0	11.0	12.0	12.0	12.0	12.0	12.0	12.0
Pupil transportation	-	-	-	-	1.0	0.7	0.7	0.7	0.7	0.7
Total	<u>172.1</u>	<u>170.1</u>	<u>171.5</u>	<u>180.0</u>	<u>166.7</u>	<u>172.5</u>	<u>179.2</u>	<u>179.9</u>	<u>181.7</u>	<u>182.2</u>

Source: District Personnel Records

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

Teacher/Pupil Ratio

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	1,123	\$ 18,503,486	\$ 16,477	7.32%	104.5	11.3	11.8	1,123.3	1,081.0	0.16%	96.23%
2014	1,118	18,578,716	16,618	0.86%	104.5	12.06	11.1	1,123.9	1,084.7	0.05%	96.51%
2015	1,120	19,220,969	17,162	3.27%	101.0	11.08	12.6	1,120.5	1,082.6	-0.30%	96.62%
2016	1,114	20,156,828	18,094	5.43%	103.0	11.42	12.4	1,117.8	1,078.5	-0.24%	96.48%
2017	1,155	21,021,247	18,200	0.59%	105.0	12.1	12.1	1,131.5	1,087.7	1.23%	96.13%
2018	1,167	22,279,751	19,091	4.90%	98.7	11.70	11.9	1,165.7	1,120.2	3.02%	96.10%
2019	1,191	23,571,904	19,792	3.67%	106.0	11.80	11.4	1,200.8	1,150.3	3.01%	95.79%
2020	1,197	24,217,505	20,232	2.22%	106.0	12.10	12.3	1,195.4	1,152.9	-0.45%	96.44%
2021	1,156	25,025,422	21,648	7.00%	107.0	10.58	11.1	1,146.4	1,125.8	-4.10%	98.20%
2022	1,169	27,607,381	23,616	9.09%	107.0	9.88	10.1	1,180.8	1,131.4	3.00%	95.82%

Sources: District records

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

N/A - Not Available

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b><u>District Building</u></b>										
<b><u>Hillside Elementary School</u></b>										
Square Feet	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650
Capacity (students)	666	666	666	666	666	666	666	666	666	666
Enrollment	565	562	577	617	652	684	677	666	614	618
<b><u>Tenakill Middle School</u></b>										
Square Feet	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655
Capacity (students)	635	635	635	635	635	635	635	635	635	635
Enrollment	558	556	544	497	503	483	514	531	542	552

Number of Schools at June 30, 2022

Elementary = 1

Middle School = 1

Source: District Records

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

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

	Project # (s)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
*School Facilities											
Hillside School	N/A	\$ 173,758	\$ 202,406	\$ 184,374	\$ 211,589	\$ 214,809	\$ 176,262	\$ 193,305	\$ 160,192	\$ 164,119	\$ 190,816
Tenakill School	N/A	<u>153,847</u>	<u>158,063</u>	<u>143,982</u>	<u>165,235</u>	<u>167,748</u>	<u>137,646</u>	<u>150,955</u>	<u>169,110</u>	<u>151,331</u>	<u>204,247</u>
Grand Total		<u>\$ 327,605</u>	<u>\$ 360,469</u>	<u>\$ 328,356</u>	<u>\$ 376,824</u>	<u>\$ 382,557</u>	<u>\$ 313,908</u>	<u>\$ 344,260</u>	<u>\$ 329,302</u>	<u>\$ 315,450</u>	<u>\$ 395,063</u>

Source: District Records

**CLOSTER BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2022  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Property-Blanket Building/Contents	\$ 49,038,221	\$ 5,000
General Liability - General Aggregate	\$ 3,000,000	
General Liability - Each Occurrence	\$ 1,000,000	
Commercial Auto Liability	\$ 1,000,000	
Excess Liability - Firemen's Fund Ins. Co. (per Occurrence & Shared Aggregate)	\$ 25,000,000	
Excess Unshared Umbrella - Hudson/Allied/Evanston Insurance Companies	\$ 30,000,000	
Umbrella Liability - Great American insurance Company (Per Occurrence and Aggregate)	\$ 9,000,000	
Educator's Legal Liability - Greenwich Insurance Company	\$ 1,000,000	
Employee Benefits Liability - Great American Insurance Company (Policy Aggregate)	\$ 2,000,000	\$ 1,000
Public Employee Dishonesty - Selective Ins. Co. of America		
(per employee)	\$ 100,000	\$ 5,000
(per loss)	\$ 500,000	\$ 100,000
Pollution Liability - Evanston Insurance		
(aggregate)	\$ 2,000,000	\$ 25,000
(Fund Aggregate)	\$ 20,000,000	
Cyber Liability - Indian Harbor		
(Group Aggregate subject to sub-limits)	\$ 6,000,000	
(1st party - per occurrence)	\$ 2,000,000	

Source: School Insurance Records



**SINGLE AUDIT SECTION**

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
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ANDREW D. PARENTE, CPA, RMA, PSA

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ROBERT W. HAAG, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA

**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 Education  
Closter Board of Education  
Closter, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Closter Board of Education as of and for the fiscal year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Closter Board of Education's basic financial statements and have issued our report thereon dated January 25, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*Lerch, Vinci & Bliss, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
January 25, 2023



LERCH, VINCI & BLISS, LLP EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Closter Board of Education's compliance with the types of compliance requirements identified as subject to audit 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 Closter Board of Education's major federal and state programs for the fiscal year ended June 30, 2022. The Closter 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.

In our opinion, the Closter Board of Education complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

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 prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Closter Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Closter Board of Education's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Closter Board of Education's federal and state programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Closter Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Closter Board of Education's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Closter Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Closter Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Closter Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

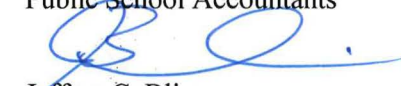
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

**Report on Schedule of Expenditures of Federal Awards Required by 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 Closter Board of Education, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements. We have issued our report thereon dated January 25, 2023, 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 & BLISS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
January 25, 2023

**CLOSTER BOARD OF EDUCATION  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2021			Balance at June 30, 2022			Memo GAAP Receivable
						Accounts	Unearned	Cash	Budgetary	Accounts	Unearned	
						Receivable	Revenue	Received	Expenditures	Receivable	Revenue	
<b>U.S. Department of Agriculture</b>												
<b>Passed-through State Department of Education</b>												
Food Service Fund:												
Special Milk Program for Children	10.556	221NJ304N1099	\$ 3,348	7/1/21	6/30/22	-	-	\$ 3,120	\$ 3,348	\$ (228)	-	\$ (228)
Total Food Service Fund						-	-	3,120	3,348	(228)	-	(228)
<b>U.S. Department of Homeland Security</b>												
<b>Passed-through State Department of Education</b>												
General Fund:												
FEMA - Direct Emergency Response to COVID-19	97.036	N/A	\$ 47,906	7/1/21	6/30/22	-	-	\$ 47,906	\$ 47,906	-	-	-
Total General Fund						-	-	47,906	47,906	-	-	-
<b>U.S. Department of Education</b>												
<b>Passed-through State Department of Education</b>												
Special Revenue Fund:												
Title I, Part A	84.010	S010A200030	\$ 50,752	7/1/21	9/30/22			31,557	50,752	\$ (19,195)		\$ (19,195)
Title I, Part A	84.010	S010A190030	107,831	7/1/20	9/30/21	\$ (30,809)	-	30,809	-	-	-	-
Total ESEA Title I, Part A Cluster						(30,809)	-	62,366	50,752	(19,195)	-	(19,195)
I.D.E.A. Part B, Basic Regular	84.027A	H027A210100	252,459	7/1/21	9/30/22			252,459	252,459			-
ARP IDEA - Basic	84.027X	H027X210100	50,137	7/1/21	9/30/22			50,137	50,137			-
I.D.E.A. Part B, Preschool	84.173A	H173A210114	11,394	7/1/21	9/30/22			11,394	11,394			-
ARP IDEA - Preschool	84.173X	H173X210114	4,283	7/1/21	9/30/22			4,283	4,283			-
Total Special Education Cluster (IDEA)						-	-	318,273	318,273	-	-	-
ESSER I - C.A.R.E.S. Emergency Relief Grant	84.425D	S425D200027	81,687	3/13/20	9/30/22	(2,341)		2,341				-
ESSER II - Coronavirus Response and Relief Supplem. Appropriations	84.425D	S425D200027	340,742	3/13/20	9/30/23	(340,742)	\$ 340,742	180,626	217,572	(160,116)	\$ 123,170	(36,946)
ESSER II - Learning Acceleration	84.425D	S425D200027	25,000	3/13/20	9/30/23	(25,000)	25,000	24,687	25,000	(313)	-	(313)
ESSER II - Mental Health	84.425D	S425D200027	45,000	3/13/20	9/30/23	(45,000)	45,000	28,294	45,000	(16,706)	-	(16,706)
American Rescue Plan (ARP) - ESSER III	84.425U	S425U210027	765,796	3/13/20	9/30/24			188,158	331,555	(577,638)	434,241	(143,397)
American Rescue Plan (ARP) - Accelerated Learning Coach and Educator Support	84.425U	S425U210027	100,598	3/13/20	9/30/24					(100,598)	100,598	-
American Rescue Plan (ARP) - Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	40,000	3/13/20	9/30/24					(40,000)	40,000	-
American Rescue Plan (ARP) - Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027	40,000	3/13/20	9/30/24					(40,000)	40,000	-
American Rescue Plan (ARP) - NJTSS Mental Health Support Staffing	84.425U	S425U210027	45,000	3/13/20	9/30/24					(45,000)	45,000	-
Total Elementary and Secondary School Emergency Relief Fund Cluster (ESSER)						(413,083)	410,742	424,106	619,127	(980,371)	783,009	(197,362)
Total Special Revenue Fund						(443,892)	410,742	804,745	988,152	(999,566)	783,009	(216,557)
<b>Subtotal Federal Financial Awards</b>						<b>\$ (443,892)</b>	<b>\$ 410,742</b>	<b>\$ 855,771</b>	<b>\$ 1,039,406</b>	<b>\$ (999,794)</b>	<b>\$ 783,009</b>	<b>\$ (216,785)</b>

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

**CLOSTER BOARD OF EDUCATION**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year ended June 30, 2022**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2021			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2022		MEMO	
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Cash Received			(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>													
<b>General Fund:</b>													
Special Education Categorical Aid	22-495-034-5120-089	\$ 839,510	7/1/21	6/30/22			\$ 772,490	\$ 839,510	\$ (67,020)			\$ 839,510	
Special Education Categorical Aid	21-495-034-5120-089	639,108	7/1/20	6/30/21	\$ (52,018)		52,018						
Security Aid	22-495-034-5120-084	91,347	7/1/21	6/30/22			84,055	91,347	(7,292)			91,347	
Security Aid	21-495-034-5120-084	91,347	7/1/20	6/30/21	(9,135)		9,135						
Total State Aid Public Cluster					(61,153)		917,698	930,857	(74,312)			930,857	
Transportation Aid	22-495-034-5120-014	93,632	7/1/21	6/30/22			86,157	93,632	(7,475)			93,632	
Transportation Aid	21-495-034-5120-014	93,632	7/1/20	6/30/21	(9,363)		9,363						
Additional Nonpublic Transportation Aid	22-495-034-5120-014	12,980	7/1/21	6/30/22				12,980	(12,980)		\$ (12,980)	12,980	
Additional Nonpublic Transportation Aid	21-495-034-5120-014	14,557	7/1/20	6/30/21	(14,557)		14,557						
Total Transportation Aid Cluster					(23,920)		110,077	106,612	(20,455)		(12,980)	106,612	
Extraordinary Aid	22-495-034-5120-044	655,605	7/1/21	6/30/22				655,605	(655,605)			655,605	
Extraordinary Aid	21-495-034-5120-044	561,713	7/1/20	6/30/21	(561,713)		561,713						
Total Extraordinary Aid Cluster					(561,713)		561,713	655,605	(655,605)			655,605	
Reimbursed Social Security Tax	22-495-034-5094-003	779,522	7/1/21	6/30/22			779,522	779,522				779,522	
Total Reimbursed Social Security Tax Cluster							779,522	779,522				779,522	
School Security Grant	20E00276	47,214	7/1/20	6/30/22			47,214	47,214				47,214	
Total School Security Grant Cluster							47,214	47,214				47,214	
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002	3,750,999	7/1/21	6/30/22			3,750,999	3,750,999				3,750,999	
On-Behalf Teachers' Pension & Annuity Fund – Non-contributory Insurance	22-495-034-5094-004	52,921	7/1/21	6/30/22			52,921	52,921				52,921	
On-Behalf Teachers' Pension and Annuity Fund – Post Retirement Medical	22-495-034-5094-001	888,749	7/1/21	6/30/22			888,749	888,749				888,749	
On-Behalf Teachers' Pension & Annuity Fund – Long Term Disability	22-495-034-5094-004	1,169	7/1/21	6/30/22			1,169	1,169				1,169	
On-Behalf Teachers' Pension and Annuity Fund Cluster							4,693,838	4,693,838				4,693,838	
Total General Fund					(646,786)		7,110,062	7,213,648	(750,372)		(12,980)	7,213,648	
<b>Special Revenue Funds:</b>													
Schools Development Authority													
Emergent and Capital Maintenance Needs	26,648	7/1/21	6/30/22			26,648	26,648					26,648	
Total Schools Development Authority Cluster							26,648	26,648				26,648	
N.J. Nonpublic Aid:													
Textbook Aid	22-100-034-5120-064	1,681	7/1/21	6/30/22			1,681	1,681				1,681	
Technology Aid	22-100-034-5120-373	1,176	7/1/21	6/30/22			1,176	1,176				1,176	
N.J. Nonpublic Aid Other							2,857	2,857				2,857	
Nonpublic Auxiliary Aid Services (Chapter 192):													
Compensatory Education	21-100-034-5120-067	784	7/1/20	6/30/21		\$ 784			\$ 784				
Nonpublic Auxiliary Services Aid (Chapter 192) Cluster:						784			784				
Nonpublic Handicapped Aid (Chapter 193):													
Speech Correction	22-100-034-5120-066	3,534	7/1/21	6/30/22			3,534	2,418		\$ 1,116		2,418	
Speech Correction	21-100-034-5120-066	820	7/1/20	6/30/21		182			182				
Nonpublic Handicapped Aid (Chapter 193) Cluster:						182	3,534	2,418	182	1,116		2,418	
Total Special Revenue Fund						966	33,039	31,923	966	1,116		31,923	
<b>Total State Financial Assistance</b>					\$ (646,786)	\$ 966	\$ 7,143,101	\$ 7,245,571	\$ 966	\$ (750,372)	\$ 1,116	\$ (12,980)	\$ 7,245,571
<b>Less: On-Behalf TPAF Pension System Contributions</b>													
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002							(3,750,999)					
On-Behalf Teachers' Pension & Annuity Fund – Non-contributory Insurance	22-495-034-5094-004							(52,921)					
On-Behalf Teachers' Pension and Annuity Fund – Post Retirement Medical	22-495-034-5094-001							(888,749)					
On-Behalf Teachers' Pension & Annuity Fund – Long Term Disability	22-495-034-5094-004							(1,169)					
<b>Total for State Financial Assistance-Major Program Determination</b>								\$ 2,551,733					



**CLOSTER BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$105,163 for the general fund and a decrease of \$18,000 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 47,906	\$ 7,108,485	\$ 7,156,391
Special Revenue Fund	970,152	31,923	1,002,075
Food Service Fund	3,348	-	3,348
	<hr/>	<hr/>	<hr/>
Total Awards Financial Assistance	<u>\$ 1,021,406</u>	<u>\$ 7,140,408</u>	<u>\$ 8,161,814</u>

**CLOSTER BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$779,522 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, 2022. The amount reported as TPAF Pension System Contributions in the amount of \$3,803,920, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$888,749 and TPAF Long-Term Disability Insurance in the amount of \$1,169 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2022.

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

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

**CLOSTER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards Section**

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

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance (section.510(a))? \_\_\_\_\_ yes  X  none

Identification of major programs:

<u>AL Number(s)</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D	S425D200027	Coronavirus Response and Relief Supplemental Act (CRRSA - ESSER II)
84.425U	S425U210027	American Rescue Plan - Elementary and Secondary Schools - Emergency Relief Fund (ARP-ESSER III)

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  no

**CLOSTER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over compliance:

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

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
22-495-034-5120-044	Extraordinary Aid

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

Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

**CLOSTER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*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.

**CLOSTER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*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 Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**CLOSTER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Part 3 - Schedule of Federal and State Award Findings and Questioned Costs*

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

**CURRENT YEAR STATE AWARDS**

There are none.

**CLOSTER BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.