

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

North Haledon, New Jersey

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

of the

North Haledon Board of Education

North Haledon, New Jersey

For The Fiscal Year Ended June 30, 2022

Prepared by

Business Office

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INTRODUCTORY SECTION

North Haledon Board of Education

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

Nicholas S. Coffaro
Superintendent of Schools

Debra E. Andreniuk, CPA
Business Administrator/Board Secretary

January 31, 2023

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

Dear Board Members:

The annual comprehensive financial report (ACFR) of the North Haledon Board of Education for the fiscal year ended June 30, 2022 is hereby submitted. This report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. North Haledon Board of Education's MD&A can be found immediately following the "Independent Auditor's Report".

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 required supplementary information, as well as the auditors' report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The independent audit of the financial statements of the North Haledon Board of Education was part of a broader, federally mandated "Single Audit"

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designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with grant requirements, with special emphasis on internal controls and compliance requirements involving the administration of federal awards and state financial assistance. These reports are available in the Single Audit Section of the North Haledon Board of Education's ACFR. Regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: North Haledon Board of Education is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 34. All funds of the District are included in this report. The North Haledon Board of Education and all its schools constitute the District's reporting entity. The District has no component units and is not a component unit to any other reporting entity.

The District provides a full range of educational services appropriate to students in grade levels Pre-K through Grade 8. These services include programming for students in regular, vocational, and special educational settings. The District completed the 2021-2022 fiscal year with an average daily enrollment of 583.44 students, which is 1.23% below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2012-2013 | 730.42 | +3.80% |
| 2013-2014 | 734.77 | +0.59% |
| 2014-2015 | 724.17 | -1.44% |
| 2015-2016 | 703.12 | -2.91% |
| 2016-2017 | 642.80 | -8.58% |
| 2017-2018 | 643.49 | +0.11% |
| 2018-2019 | 612.36 | -4.84% |
| 2019-2020 | 639.86 | +4.49% |
| 2020-2021 | 590.68 | -7.69% |
| 2021-2022 | 583.44 | -1.23% |

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LOCAL ECONOMY AND ECONOMIC OUTLOOK: The Borough of North Haledon is predominantly a residential community sitting on the Passaic/Bergen County border. With the completion of Route 287 and its connection to Route 208 an access to other areas of New Jersey has been given to the residents of North Haledon. The median value of homes and the median family income are above the state and national averages. The residents of the Borough represent professionals, management and skilled trades. There are a few small industrial concerns throughout the borough, but the major local employers are retail and service establishments such as banks, food stores, law offices, medical centers and several small shopping centers.

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

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

MAJOR INITIATIVES: For the 2021-2022 school year, the North Haledon School District provided opportunities for staff to increase project-based learning and data driven instruction. Assessments were organized and supported thoughtfully throughout the school year with an increase to authentic PLC time and Monday Meetings for horizontal and vertical articulation.

PLC and Monday PD's focused on collection of data that allowed for unpacking lessons/units goals and strategies to improve instruction in the areas of ELA, Math and Science. The focus was to bridge academic gaps with a high focus on foundational skills that were impacted because of remote and/or hybrid learning. In addition, scheduled math coaching challenged teachers to review differentiation and project-based assignments. ELA reading and writing units, allowed

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for expansion of our Reader's/Writer's workshop- ensuring that it is planned for and used appropriately around current research and best instructional practices. Strong Evaluation Model continues to be at the forefront of our district.

Classroom management was also a high focus of PLC time- where we reviewed positive behavioral reinforcements, expectations, parental communication, educational book/article reviews, and most importantly social/emotional supports- in collaboration with our counselors. (esp. on topics of HIB and Social Media Safety).

Three Assemblies offered to students at HMS: 1. Don't Press Send (Topic of Social Media & Digital Safety- virtual), 2. Holocaust Survivor (Grade 7 – supporting curriculum and mandate-virtual), 3. The Signature Project- (In person assembly- focus on STEAM, Visual and Performing Arts, Nature, Cultural Sensitivity and Self-Expression)

Increase ELA and Mathematics proficiency in students K-8 by supporting instructional practices, increasing professional development through direct classroom coaching that supports best practices in the mastery of foundational skills, improving our writing process, and purchasing additional ELA programming aimed to heavily support reading and writing skills, closing academic gaps. Start Strong testing was completed as we will collect data necessary to build into our 2022-2023 school year.

As reviewed above- Units of Study for ELA – Reader/Writer's Workshop PD was provided, along with additional time to plan and review mentor text, lesson and unit planning. Review of virtual articulation was crucial for expectations as well. Reading Disabilities training was a focus as well as all teachers completed per NJDOE.

Math coaching focused on differentiation, project-based learning and additional strategies to encourage student comfort, higher level questioning, and real-world connections to mathematics. Programs such as iReady math, F&P assessment tools, and best practice training such as differentiated classrooms, provided rigorous academic flow.

Expanding our reading libraries were building goals, especially at our middle school. Our focus was re-introducing the proper protocols for our library use, working with our local library to issue a library card to all students, and adding an additional library period to our new fifth graders to help bridge ELA gaps.

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In the latter half of the school year, we transitioned our Family and Consumer Science class to a Financial Literacy and Study Skills class in order to continue addressing mandates for Financial Literacy and supporting BSI even further with specific ELA and Math goals – focusing on comprehension, text evidence, computation, and multi-step problems.

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

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

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

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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.

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

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.

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

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

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for all attending students. This policy is to complement any existing coverage already subscribed to by parent/guardians.

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

Facilities - The District's ongoing upgrades to all of its buildings ensures that its physical plant is able to accommodate the District's current and anticipated future student population needs, and meet all current building safety standards and building codes. The District deems the current available capital reserve funds inadequate to meet future capital needs as they arise and plans to continue to add funds annually. The age of the District's original buildings range from 15 to 117 years. The original elementary school was demolished and a new building was built in 2008 while newer additions were completed on the middle school building since the original construction. Specific information regarding the individual buildings can be found in the statistical section of the CAFR on Exhibit F-17.

Long-Term Financial Planning - The District intends to prepare future budgets within the 2% tax cap levy mandated by the State of New Jersey. Additionally, the District continually monitors its ability to refinance its outstanding long-term obligations to capitalize on favorable market conditions.

Projected Enrollment - The District undertook a demographic study in June 2021 that projected future enrollments. The study indicated that after several years of decline, the District is experiencing enrollment growth at the early elementary levels.

ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the North Haledon Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

North Haledon Board of Education

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Superintendent of Schools

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Business Administrator/Board Secretary

Respectfully submitted,



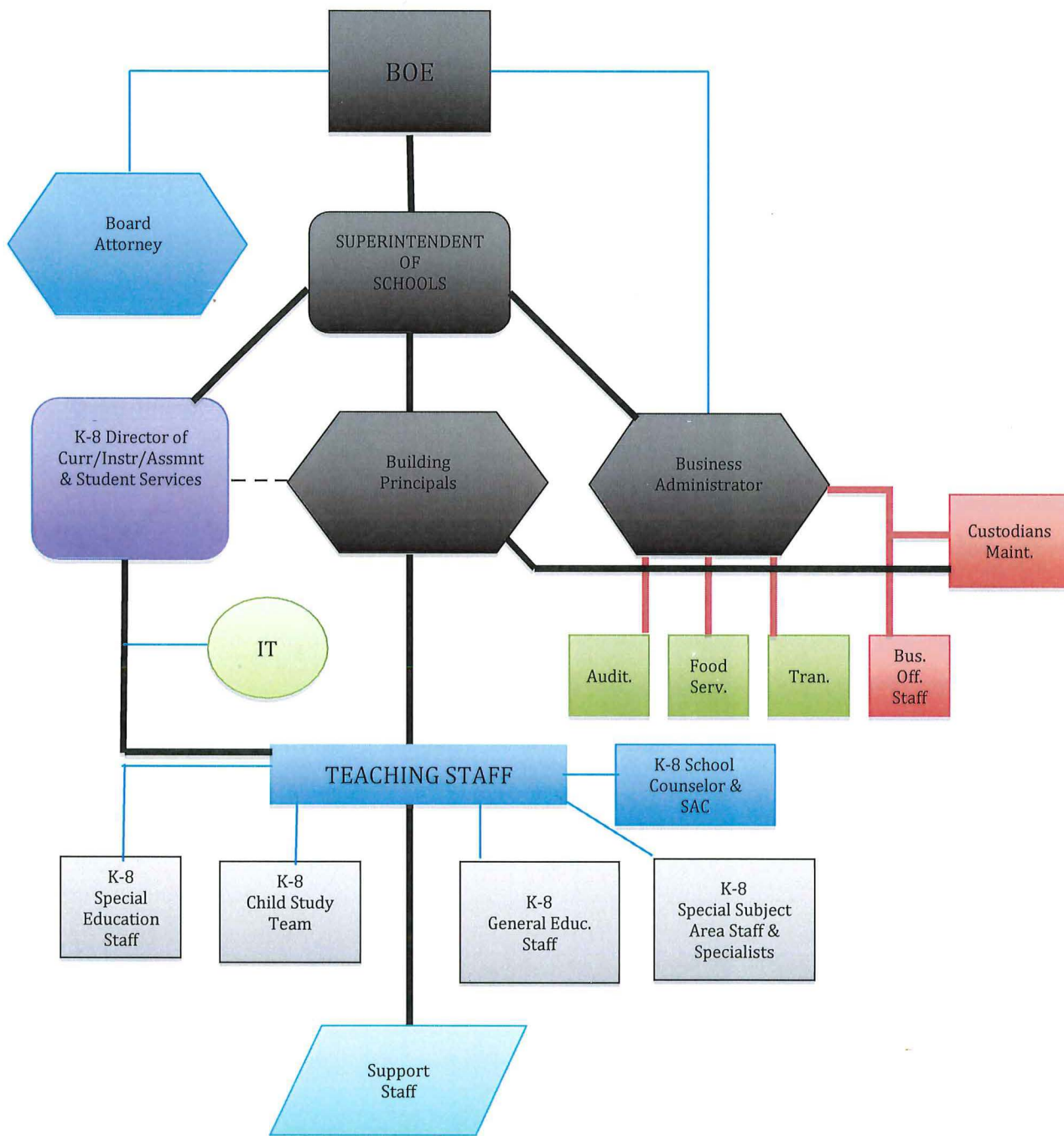
Debra Andreniuk
Business Administrator/
Board Secretary



Nicholas Coffaro
Superintendent of Schools

1110 ORGANIZATIONAL CHART

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



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

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2022**

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|---|----------------------------|
| Lucy De Nova, President | 2023 |
| Dina O'Donnell, Vice President | 2023 |
| Amy Guido | 2024 |
| Jeremy Serfozo | 2023 |
| Cherie Van Zile | 2022 |
| Nicholas Nagy | 2022 |
| Alex Carter | 2022 |
| Steven Karecki | 2022 |
| LauraLee Harding | 2024 |

Other Officials

Nicholas Coffaro, Superintendent
Debra Andreniuk, Business Administrator
Michael Donow, Treasurer of School Monies

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

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

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

Bond Attorney

McManimon & Scotland
One Gateway Center
Newark, New Jersey

Architect

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

Official Depository

Lakeland Bank
Belmont Avenue
North Haledon, NJ 07508

FINANCIAL SECTION



LERCH, VINCI & 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, PSA

INDEPENDENT AUDITOR’S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the North Haledon 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 and each major fund of the North Haledon 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 North Haledon 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 North Haledon 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 North Haledon 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 North Haledon 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 North Haledon Board of Education's basic financial statements. The accompanying fund financial statements, 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 North Haledon 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 fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


Other Information

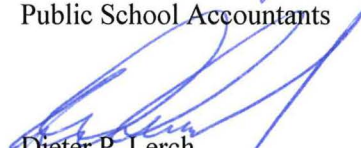
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial 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 31, 2023 on our consideration of the North Haledon Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Haledon Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the North Haledon Board of Education's internal control over financial reporting and compliance.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 31, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The discussion and analysis of the North Haledon Board of Education's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, Notes to the Financial Statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". Certain comparative information between the current year (2021-2022) and the prior year (2020-2021) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2022 are as follows:

- The assets and deferred outflows of resources of the North Haledon Board of Education exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,198,615 (net position).
- The District's total net position increased \$811,395. The increase is attributable to current year operating results.
- General revenues accounted for \$11,531,141 in revenue or 73 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contribution accounted for \$4,373,958 or 27 percent of total revenues of \$15,905,099.
- The District had \$14,827,546 in expenses related to governmental activities; only \$4,052,220 was offset by program specific charges for services, grants or contributions. General revenues net of transfers (primarily property taxes) of \$11,523,495 were adequate to provide for these programs.
- Among governmental funds, the General Fund (GAAP Basis) had \$13,628,408 in revenues and other financing sources and \$13,400,452 in expenditures and other financing uses. The General Fund's fund balances increased by \$241,476 from the prior year to \$1,445,508. This increase is the net result of current year operations.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The discussion and analysis are intended to serve as an introduction to the North Haledon Board of Education's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

Government-Wide Financial Statements

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

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

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

**Management’s Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

Government-Wide Financial Statements (Continued)

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

In the government-wide financial statements the District’s activities are shown in two categories:

- *Governmental activities*- Most of the District’s basic services are included here, such as instruction, support services, operation and maintenance of plant, and pupil transportation. Property taxes and state aids finance most of these activities.
- *Business-type activities*- These services are provided on a charge for goods or services basis to recover the cost of the goods and services provided. The District’s Food Service program is reported as a business-type activity.

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

Fund Financial Statements (Continued)

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for the General, Special Revenue and Debt Service Funds. A budgetary comparison statement has been provided for each of these funds as required supplementary information. Additionally, certain required supplementary information regarding pensions as required by GASB No. 68 and postemployment benefits as required by GASB No. 75 is presented. The required supplementary information can be found following the Notes to the Financial Statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The *Statement of Net Position* provides the perspectives of the District as a whole, showing assets and deferred outflows of resources versus liabilities and deferred inflows of resources and the difference between them (net position). Net position may serve over time as a useful indicator of a government's financial position. In the case of the North Haledon Board of Education's, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,198,615 and \$2,387,220 at June 30, 2022 and 2021, respectively. The overall financial position of the District has improved in the June 30, 2022 fiscal year versus the June 30, 2021 fiscal year.

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 is 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.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

Government-Wide Financial Analysis (Continued)

Table A-1 provides a summary of the District's net position as of June 30, 2022 and 2021.

Table A-1
Statement of Net Position
As of June 30, 2022 and 2021

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|------------------|---------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and Other Assets | \$ 2,034,580 | \$ 1,510,839 | \$ 107,773 | \$ 43,473 | \$ 2,142,353 | \$ 1,554,312 |
| Capital Assets | <u>14,611,045</u> | <u>15,406,239</u> | <u>40,923</u> | <u>46,773</u> | <u>14,651,968</u> | <u>15,453,012</u> |
| Total Assets | <u>16,645,625</u> | <u>16,917,078</u> | <u>148,696</u> | <u>90,246</u> | <u>16,794,321</u> | <u>17,007,324</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred Amounts on Refunding of Debt | 327,005 | 412,942 | | | 327,005 | 412,942 |
| Deferred Amounts on Net Pension Liability | <u>310,203</u> | <u>183,570</u> | <u>-</u> | <u>-</u> | <u>310,203</u> | <u>183,570</u> |
| Total Deferred Outflows of Resources | <u>637,208</u> | <u>596,512</u> | <u>-</u> | <u>-</u> | <u>637,208</u> | <u>596,512</u> |
| Total Assets and Deferred Outflows of Resources | <u>17,282,833</u> | <u>17,513,590</u> | <u>148,696</u> | <u>90,246</u> | <u>17,431,529</u> | <u>17,603,836</u> |
| Long-Term Liabilities | 12,960,255 | 14,136,397 | | | 12,960,255 | 14,136,397 |
| Other Liabilities | <u>619,949</u> | <u>307,988</u> | <u>-</u> | <u>12,431</u> | <u>619,949</u> | <u>320,419</u> |
| Total Liabilities | <u>13,580,204</u> | <u>14,444,385</u> | <u>-</u> | <u>12,431</u> | <u>13,580,204</u> | <u>14,456,816</u> |
| Deferred Inflows of Resources | | | | | | |
| USDA Commodities | | | 10,145 | 2,490 | 10,145 | 2,490 |
| Deferred Amounts on Net Pension Liability | <u>642,565</u> | <u>757,310</u> | <u>-</u> | <u>-</u> | <u>642,565</u> | <u>757,310</u> |
| Total Deferred Inflows of Resources | <u>642,565</u> | <u>757,310</u> | <u>10,145</u> | <u>2,490</u> | <u>652,710</u> | <u>759,800</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>14,222,769</u> | <u>15,201,695</u> | <u>10,145</u> | <u>14,921</u> | <u>14,232,914</u> | <u>15,216,616</u> |
| Net Position: | | | | | | |
| Invested in capital assets, net of related debt | 2,953,276 | 2,690,535 | 40,923 | 46,773 | 2,994,199 | 2,737,308 |
| Restricted | 734,255 | 589,610 | | | 734,255 | 589,610 |
| Unrestricted | <u>(627,467)</u> | <u>(968,250)</u> | <u>97,628</u> | <u>28,552</u> | <u>(529,839)</u> | <u>(939,698)</u> |
| Total Net Position | <u>\$ 3,060,064</u> | <u>\$ 2,311,895</u> | <u>\$ 138,551</u> | <u>\$ 75,325</u> | <u>\$ 3,198,615</u> | <u>\$ 2,387,220</u> |

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

Government-Wide Financial Analysis (Continued)

The District's combined net position increased \$811,395 during the year ended June 30, 2022. This was an increase of 34 percent from the prior year.

Governmental Activities

- Net investment in capital assets increased \$262,741 mainly as of the result of acquisitions and debt reductions exceeding depreciation.
- Restricted net position mainly increased \$144,645 largely as a result of Board approved deposits into the capital reserve.
- Unrestricted net position increased \$340,783 due to the net results of current year operations.

Business-Type Activities

- Net investment in capital assets decreased \$5,850 as a result of depreciation exceeding acquisitions of capital assets.
- Unrestricted net position increased \$69,076 due to the net results of current year operations.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

Government-Wide Financial Analysis (Continued)

Table A-2 shows changes in net position for fiscal years ended June 30, 2022 and 2021.

Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2022 and 2021

| | Governmental | | Business-Type | | Total | |
|---|---------------------|---------------------|-------------------|------------------|---------------------|---------------------|
| | <u>Activities</u> | | <u>Activities</u> | | | |
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 37,460 | \$ 1,130 | \$ 23,721 | \$ 1,880 | \$ 61,181 | \$ 3,010 |
| Operating Grants and Contributions | 4,014,760 | \$ 4,779,265 | 298,017 | 43,663 | 4,312,777 | 4,822,928 |
| General Revenues | | | | | | |
| Property Taxes | 11,445,267 | 11,297,733 | | | 11,445,267 | 11,297,733 |
| Other | 78,228 | 38,844 | 7,646 | 135 | 85,874 | 38,979 |
| Total Revenues | <u>15,575,715</u> | <u>16,116,972</u> | <u>329,384</u> | <u>45,678</u> | <u>15,905,099</u> | <u>16,162,650</u> |
| Expenses | | | | | | |
| Instruction | | | | | | |
| Regular | 6,512,807 | 6,860,460 | | | 6,512,807 | 6,860,460 |
| Special Education | 2,169,627 | 2,598,738 | | | 2,169,627 | 2,598,738 |
| Other Instruction | 213,315 | 214,464 | | | 213,315 | 214,464 |
| School Sponsored Activities and Athletics | 78,416 | 30,120 | | | 78,416 | 30,120 |
| Support Services | | | | | | |
| Student and Instruction Related Serv. | 1,999,401 | 1,903,352 | | | 1,999,401 | 1,903,352 |
| General Administrative Services | 515,045 | 552,455 | | | 515,045 | 552,455 |
| School Administrative Services | 536,730 | 581,275 | | | 536,730 | 581,275 |
| Plant Operations and Maintenance | 1,596,269 | 1,212,266 | | | 1,596,269 | 1,212,266 |
| Pupil Transportation | 244,928 | 165,074 | | | 244,928 | 165,074 |
| Central Services | 535,498 | 610,737 | | | 535,498 | 610,737 |
| Food Services | - | | 266,158 | 52,331 | 266,158 | 52,331 |
| Interest on Debt and Other Charges | 425,510 | 463,691 | - | - | 425,510 | 463,691 |
| Total Expenses | <u>14,827,546</u> | <u>15,192,632</u> | <u>266,158</u> | <u>52,331</u> | <u>15,093,704</u> | <u>15,244,963</u> |
| Change in Net Position | 748,169 | 924,340 | 63,226 | (6,653) | 811,395 | 917,687 |
| Net Position, Beginning of Year | <u>2,311,895</u> | <u>1,387,555</u> | <u>75,325</u> | <u>81,978</u> | <u>2,387,220</u> | <u>1,469,533</u> |
| Net Position, End of Year | <u>\$ 3,060,064</u> | <u>\$ 2,311,895</u> | <u>\$ 138,551</u> | <u>\$ 75,325</u> | <u>\$ 3,198,615</u> | <u>\$ 2,387,220</u> |

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

**Management’s Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

Governmental Activities

The District’s total revenues were \$15,575,715 and \$16,116,972 for the years ended June 30, 2022 and 2021, respectively. Property taxes made up 73 percent of revenues for governmental activities for the District for fiscal years 2022 and 2021. Federal, State and local grants made up 27 percent of revenues for governmental activities for the North Haledon Board of Education for the years ended June 30, 2022 and 2021. The majority of the decrease in revenues of \$541,257 from 2021 to 2022 is attributable to a decrease in operating grants, on-behalf OPEB payments and contributions of \$764,505, partially offset by an increase in property taxes of \$147,534 and increase in other revenues. (See Table A-3.)

The total cost of all programs and services was \$14,827,546 and \$15,192,632 for the years ended June 30, 2022 and 2021, respectively. Instruction comprises 60 and 63 percent of governmental activities program expenses for the years ended June 30, 2022 and 2021, respectively. Support services expenses make up 13 percent of governmental activities expenses for the years ended June 30, 2022 and 2021. (See Table A-4.) The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table A-5 shows, for government activities, the total cost of services and the net cost of services for the fiscal years ended June 30, 2022 and 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table A-3 Revenues by Source – Governmental Activities
For Fiscal Year 2022

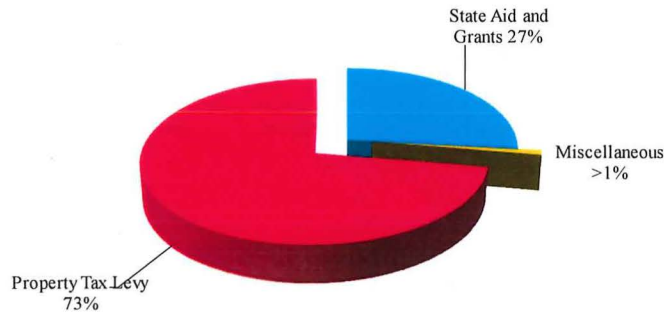
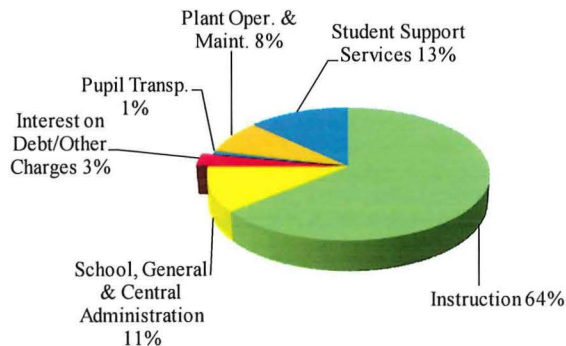


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2022



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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

Governmental Activities (Continued)

Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2022 and 2021

| <u>Functions/Programs</u> | <u>Total Cost of Services</u> | | <u>Net Cost of Services</u> | |
|---|-------------------------------|----------------------|-----------------------------|----------------------|
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| Governmental Activities | | | | |
| Instruction | | | | |
| Regular | \$ 6,512,807 | \$ 6,860,460 | \$ 5,030,887 | \$ 4,608,531 |
| Special Education | 2,169,627 | 2,598,738 | 960,790 | 1,237,408 |
| Other Instruction | 213,315 | 214,464 | 158,421 | 134,309 |
| School Sponsored Activities and Athletics | 78,416 | 30,120 | 29,277 | 26,218 |
| Support Services | | | - | - |
| Student and Instruction Related Svcs. | 1,999,401 | 1,903,352 | 1,513,601 | 1,344,148 |
| General Administrative Services | 515,045 | 552,455 | 431,277 | 515,199 |
| School Administrative Services | 536,730 | 581,275 | 410,328 | 394,484 |
| Plant Operations and Maintenance | 1,596,269 | 1,212,266 | 1,232,875 | 1,072,400 |
| Pupil Transportation | 244,928 | 165,074 | 128,080 | 48,317 |
| Central Services | 535,498 | 610,737 | 454,280 | 567,532 |
| Interest on Debt/Other Charges | 425,510 | 463,691 | 425,510 | 463,691 |
| Total Governmental Activities | <u>\$ 14,827,546</u> | <u>\$ 15,192,632</u> | <u>\$ 10,775,326</u> | <u>\$ 10,412,237</u> |

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

Plant operations and maintenance involve keeping the school grounds, buildings, and equipment in an effective working condition, including energy costs. The cost also includes the depreciation expense of the building and all of the building improvements.

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.

Business-Type Activities

The District's business-type activities are solely comprised of the food service operations. The program had revenues of \$329,384 and \$45,678 and expenses of \$266,158 and \$52,331 in fiscal years 2022 and 2021, respectively. Of these revenues, \$23,721 and \$1,880 were charges for services paid by patrons for the fiscal years 2022 and 2021, respectively. The operations resulted in an increase in net position of \$63,226. Revenues and expenses substantially decreased in the fiscal year ended June 30, 2021 as a result of a shut down in operations due to COVID-19. Operations returned to normal during the fiscal year ended June 30, 2022

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,588,291. As of June 30, 2021 the fund balance was \$1,392,513. This increase of \$195,778 is the result of current operations.

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Revenues for the District's governmental funds were \$15,779,449, while total expenditures were \$15,597,191.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students including pupil transportation activities and other support services.

The following schedule presents a summary of General Fund revenues.

| | <u>Year Ended June 30,</u> | | <u>Amount of</u> | <u>Percent</u> |
|--------------------|----------------------------|--------------------------|-----------------------|-------------------|
| | <u>2022</u> | <u>2021</u> | <u>Increase</u> | <u>Increase</u> |
| | | | <u>(Decrease)</u> | <u>(Decrease)</u> |
| Local Sources | | | | |
| Local Tax Levy | \$ 10,000,828 | \$ 9,804,733 | \$ 196,095 | 2% |
| Interest | 10,193 | 5,897 | 4,296 | 73% |
| Miscellaneous | 68,035 | 32,947 | 35,088 | 106% |
| State Sources | <u>3,549,352</u> | <u>2,869,406</u> | <u>679,946</u> | 24% |
| Total Revenues | <u>\$ 13,628,408</u> | <u>\$ 12,712,983</u> | <u>\$ 915,425</u> | 7% |

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

Governmental Funds (Continued)

Total General Fund Revenues increased by \$915,425 or approximately 7% over the previous year. Property taxes increased \$196,095. Miscellaneous revenues (rental income) increased as well following return to normal operations after the COVID-19 pandemic.

State aid revenues increased \$679,946 primarily due to an increased TPAF pension contribution from the State of New Jersey.

The following schedule represents a summary of General Fund expenditures.

| | <u>Year Ended June 30,</u> | | <u>Amount of</u> | <u>Percent</u> |
|----------------------------|----------------------------|----------------------|---------------------|-------------------|
| | <u>2022</u> | <u>2021</u> | <u>Increase</u> | <u>Increase</u> |
| | | | <u>(Decrease)</u> | <u>(Decrease)</u> |
| Instruction | \$ 8,082,879 | \$ 7,448,211 | \$ 634,668 | 9% |
| Undistributed Expenditures | 5,140,182 | 4,635,955 | 504,227 | 11% |
| Capital Outlay | 134,370 | 188,412 | (54,042) | -29% |
| Debt Service | | | | |
| Principal | 38,174 | 104,918 | (66,744) | -64% |
| Interest | 4,847 | 5,652 | (805) | -14% |
| | <u>\$ 13,400,452</u> | <u>\$ 12,383,148</u> | <u>\$ 1,017,304</u> | 8% |
| Total Expenditures | | | | |

The 2021-2022 General Fund revenues and other financing sources exceeded the expenditures and other financing uses by \$241,476. As a result, total fund balance increased to \$1,445,508 at June 30, 2022. The unassigned fund balance increased from \$341,853 at June 30, 2021 to \$351,285 at June 30, 2022.

Instruction increased \$634,668 or 9% over the previous year mainly due to contractual salary increases.

Support services increased \$504,227 or 11% over the prior year due to return to normal operations after the COVID pandemic decreased many of the support service needs for the previous year.

Capital outlay decreased by \$54,042 or 29% due to decreased capital expenditures funded by the budget in 2021/22.

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

Revenues of the Special Revenue Fund were \$706,602, for the fiscal year ended June 30, 2022. Federal sources accounted for nearly all of the Special Revenue Fund's revenue.

Total Special Revenue Fund revenues increased by \$355,425 from the previous year.

Expenditures of the Special Revenue Fund were \$702,139. Instructional expenditures were \$301,650 or 43% of total expended for the fiscal year ended June 30, 2022.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

Governmental Funds (Continued)

Capital Projects - The District transferred \$50,161 of funds from Capital Projects Fund to Debt Service Fund during the fiscal year. The fund balance at June 30, 2022 was \$50,160.

Debt Service Fund – The Debt Service Fund expenditures were funded entirely with property taxes of \$1,444,439 and the transfer of \$50,161 from Capital Projects Fund. As a result, total fund balance remained at \$0 at June 30, 2022.

Proprietary Funds

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

The following schedule represents a comparison of the original and final amended budget amounts.

| <u>Expenditures</u> | <u>Original Budget</u> | <u>Final Amended Budget</u> | <u>Increase/(Decrease) Over Original Budget</u> | |
|---------------------|--------------------------|-----------------------------|---|----------------|
| | | | <u>Amount</u> | <u>Percent</u> |
| Current | | | | |
| Instruction | \$ 4,924,658 | \$ 4,781,267 | \$ (143,391) | -3% |
| Undistributed | 5,819,325 | 5,993,681 | 174,356 | 3% |
| Capital Outlay | <u>188,835</u> | <u>211,996</u> | <u>23,161</u> | 12% |
| Total | <u>\$ 10,932,818</u> | <u>\$ 10,986,944</u> | <u>\$ 54,126</u> | 0.5% |

The increase in the final modified budget is attributable to the reappropriation of prior year encumbrances of \$54,126.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

General Fund Budgetary Highlights (Continued)

Some of the more significant budget transfers/modifications can be summarized as follows:

- \$62,299 was reallocated from Regular Programs-Instruction due to teacher retirements at 6/30/2021 which resulted in breakage
- \$138,221 was reallocated from Special Ed/Basis Skill instruction due to teacher retirements at 6/30/2021 which resulted in breakage
- An increase of \$238,294 in the operation and maintenance of plant accounts due to additional maintenance and cleaning projects as well as the addition of 2 FTE temporary custodial cleaners
- An increase of \$26,297 in Instruction line was a result of an increase charter school students
- A decrease of \$25,251 on student transportation services was a result of shared OOD route with other school district
- \$45,594 of funds were reallocated from employee benefits due to a lesser than expected policy rate increase

The following schedule represents a comparison of the final modified budget and actual budget results:

| <u>Expenditures</u> | <u>Final Amended Budget</u> | <u>Actual Budget Results</u> | <u>Increase/(Decrease) Over Final Amended Budget</u> | |
|---------------------|-----------------------------|------------------------------|--|----------------|
| | | | <u>Amount</u> | <u>Percent</u> |
| Current | | | | |
| Instruction | \$ 4,781,267 | \$ 4,652,947 | \$ (128,320) | -3% |
| Undistributed | 5,993,681 | 8,526,459 | 2,532,778 | 42% |
| Capital Outlay | <u>211,996</u> | <u>221,046</u> | <u>9,050</u> | 4% |
| Total | <u>\$ 10,986,944</u> | <u>\$ 13,400,452</u> | <u>\$ 2,413,508</u> | 22% |

The total actual budget results, including budget transfers, of \$13,400,452 is greater than the total final amended budget of \$10,986,944 by \$2,413,508. This is primarily attributable to increases to the actual budget results of \$2,945,987 for the On Behalf TPAF Benefits, a statutory, non-budgeted line item. This was offset by decreases to the actual budget results, primarily driven by a decrease in the cost of student transportation services and instructional salaries and supplies due to the impact of closures related to the COVID-19 pandemic.

Additional information on the budget and the amendments thereto are presented in Note 2 of the "Notes to the Basic Financial Statements" as well as Exhibit C-1 "General Fund Budgetary Comparison Schedule-Budget and Actual".

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

CAPITAL ASSETS

The North Haledon Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2022 amounts to \$14,651,969 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, construction in progress and machinery and equipment. Depreciation charges for fiscal year 2021-2022 amounted to \$884,859 for governmental activities and \$5,850 for business-type activities.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------|----------------------------|----------------------|-----------------------------|------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 70,295 | \$ 70,295 | | | \$ 70,295 | \$ 70,295 |
| Buildings | 31,625,063 | 31,550,597 | | | 31,625,063 | 31,550,597 |
| Machinery and Equipment | 1,067,144 | 1,051,945 | \$ 123,579 | \$ 123,579 | 1,190,723 | 1,175,524 |
| Total | 32,762,502 | 32,672,837 | 123,579 | 123,579 | 32,886,081 | 32,796,416 |
| Less: Accumulated Depreciation | 18,151,457 | 17,266,598 | 82,655 | 76,806 | 18,234,112 | 17,343,404 |
| Total | <u>\$ 14,611,045</u> | <u>\$ 15,406,239</u> | <u>\$ 40,924</u> | <u>\$ 46,773</u> | <u>\$ 14,651,969</u> | <u>\$ 15,453,012</u> |

Additional information on the District's capital assets is presented in the Notes to the Basic Financial Statements.

LONG-TERM LIABILITIES

As of June 30, 2022, the school district had long-term debt and outstanding long-term liabilities in the amount of \$12,960,255 as stated in Table A-7.

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

| | <u>2022</u> | <u>2021</u> |
|------------------------------|----------------------|----------------------|
| Bonds Payable, Net | \$ 11,984,774 | \$ 13,128,646 |
| Capital Financing Agreements | 131,622 | 156,276 |
| Compensated Absences Payable | 212,547 | 184,138 |
| Net Pension Liability | 631,312 | 667,337 |
| Total | <u>\$ 12,960,255</u> | <u>\$ 14,136,397</u> |

Additional information of the District's long-term liabilities is presented in the Notes to the Basic Financial statements.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2022**

FOR THE FUTURE

The North Haledon Board of Education is in excellent financial condition presently. The District is grateful for the community support of the public schools. A major concern of the District is its increasing reliance on property taxes.

In conclusion, the North Haledon Board of Education has committed itself to financial and educational excellence. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the School Superintendent at the North Haledon Board of Education, 201 Squawbrook Road, North Haledon, NJ 07508.

BASIC FINANCIAL STATEMENTS

**NORTH HALEDON BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,602,937 | \$ 83,008 | \$ 1,685,945 |
| Receivables, net | | | |
| Receivables from Other Governments | 431,643 | 21,587 | 453,230 |
| Inventory | | 2,310 | 2,310 |
| Accounts Receivable | | 344 | 344 |
| Due From Other Funds | | 524 | 524 |
| Capital Assets | | | |
| Not Being Depreciated | 70,295 | | 70,295 |
| Being Depreciated, net | <u>14,540,750</u> | <u>40,923</u> | <u>14,581,673</u> |
| Total Assets | <u>16,645,625</u> | <u>148,696</u> | <u>16,794,321</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Amounts on Refunding of Debt | 327,005 | | 327,005 |
| Deferred Amounts on Net Pension Liability | <u>310,203</u> | <u>-</u> | <u>310,203</u> |
| Total Deferred Outflows of Resources | <u>637,208</u> | <u>-</u> | <u>637,208</u> |
| Total Assets and Deferred Outflows of Resources | <u>17,282,833</u> | <u>148,696</u> | <u>17,431,529</u> |
| LIABILITIES | | | |
| Accounts Payable and Other Current Liabilities | 443,446 | | 443,446 |
| Accrued Interest Payable | 173,660 | | 173,660 |
| Unearned Revenue | 2,319 | 9,940 | 12,259 |
| Due to Other Funds | 524 | | 524 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 1,086,370 | | 1,086,370 |
| Due Beyond One Year | <u>11,873,885</u> | <u>-</u> | <u>11,873,885</u> |
| Total Liabilities | <u>13,580,204</u> | <u>9,940</u> | <u>13,590,144</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Commodities Revenue | | 205 | 205 |
| Deferred Amounts on Net Pension Liability | <u>642,565</u> | <u>-</u> | <u>642,565</u> |
| Total Deferred Inflows of Resources | <u>642,565</u> | <u>205</u> | <u>642,770</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>14,222,769</u> | <u>10,145</u> | <u>14,232,914</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 2,953,276 | 40,923 | 2,994,199 |
| Restricted for | | | |
| Capital Projects | 461,868 | | 461,868 |
| Maintenance | 165,000 | | 165,000 |
| Unemployment Compensation | 14,764 | | 14,764 |
| Student Activities | 92,623 | | 92,623 |
| Unrestricted | <u>(627,467)</u> | <u>97,628</u> | <u>(529,839)</u> |
| Total Net Position | <u>\$ 3,060,064</u> | <u>\$ 138,551</u> | <u>\$ 3,198,615</u> |

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

**NORTH HALEDON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 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 |
| Governmental Activities | | | | | | | |
| Instruction | | | | | | | |
| Regular | \$ 6,512,807 | | \$ 1,481,920 | | \$ (5,030,887) | | \$ (5,030,887) |
| Special Education | 2,169,627 | | 1,208,837 | | (960,790) | | (960,790) |
| Other Instruction | 213,315 | | 54,894 | | (158,421) | | (158,421) |
| School Sponsored Activities and Athletics | 78,416 | \$ 37,460 | 11,679 | | (29,277) | | (29,277) |
| Support Services | | | | | | | |
| Student and Instruction Related Services | 1,999,401 | | 485,800 | | (1,513,601) | | (1,513,601) |
| General Administrative Services | 515,045 | | 83,768 | | (431,277) | | (431,277) |
| School Administrative Services | 536,730 | | 126,402 | | (410,328) | | (410,328) |
| Plant Operations and Maintenance | 1,596,269 | | 363,394 | | (1,232,875) | | (1,232,875) |
| Pupil Transportation | 244,928 | | 116,848 | | (128,080) | | (128,080) |
| Business Services | 535,498 | | 81,218 | | (454,280) | | (454,280) |
| Interest on Debt and Other Charges | 425,510 | - | - | - | (425,510) | - | (425,510) |
| Total Governmental Activities | 14,827,546 | 37,460 | 4,014,760 | - | (10,775,326) | - | (10,775,326) |
| Business-Type Activities | | | | | | | |
| Food Service | 266,158 | 23,721 | 298,017 | - | - | \$ 55,580 | 55,580 |
| Total Business-Type Activities | 266,158 | 23,721 | 298,017 | - | - | 55,580 | 55,580 |
| Total Primary Government | \$ 15,093,704 | \$ 61,181 | \$ 4,312,777 | \$ - | (10,775,326) | 55,580 | (10,719,746) |
| General Revenues | | | | | | | |
| Property Taxes - General Fund | | | | | 10,000,828 | | 10,000,828 |
| Property Taxes - Debt Service Fund | | | | | 1,444,439 | | 1,444,439 |
| Investment Earnings | | | | | 5,001 | 176 | 5,177 |
| Miscellaneous Income | | | | | 73,227 | 7,470 | 80,697 |
| Total General Revenues | | | | | 11,523,495 | 7,646 | 11,531,141 |
| Change in Net Position | | | | | 748,169 | 63,226 | 811,395 |
| Net Position, Beginning of Year | | | | | 2,311,895 | 75,325 | 2,387,220 |
| Net Position, End of Year | | | | | \$ 3,060,064 | \$ 138,551 | \$ 3,198,615 |

FUND FINANCIAL STATEMENTS

**NORTH HALEDON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 1,431,754 | \$ 121,023 | \$ 50,160 | | \$ 1,602,937 |
| Receivables from Other Governments | 51,008 | 380,635 | | | 431,643 |
| Due from Other Funds | 68,204 | - | - | - | 68,204 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Assets | <u>\$ 1,550,966</u> | <u>\$ 501,658</u> | <u>\$ 50,160</u> | <u>\$ -</u> | <u>\$ 2,102,784</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Due to Other Funds | \$ 524 | \$ 68,204 | | | \$ 68,728 |
| Accounts Payable | 46,181 | 338,512 | | | 384,693 |
| Intergovernmental Accounts Payable | 39,135 | | | | 39,135 |
| Payroll Deductions and Withholdings Payable | 19,618 | | | | 19,618 |
| Unearned Revenue | - | 2,319 | - | - | 2,319 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities | <u>105,458</u> | <u>409,035</u> | <u>-</u> | <u>-</u> | <u>514,493</u> |
| Fund Balances | | | | | |
| Restricted Fund Balance | | | | | |
| Excess Surplus | 232,244 | | | | 232,244 |
| Excess Surplus - Designated for Subsequent Year's Expenditures | 114,747 | | | | 114,747 |
| Capital Reserve | 411,708 | | | | 411,708 |
| Maintenance Reserve | 165,000 | | | | 165,000 |
| Unemployment Compensation | 14,764 | | | | 14,764 |
| Capital Projects | | | \$ 50,160 | | 50,160 |
| Student Activities | | 92,623 | | | 92,623 |
| Assigned Fund Balance | | | | | |
| Year-end Encumbrances | 155,760 | | | | 155,760 |
| Unassigned Fund Balance | | | | | |
| General Fund | 351,285 | - | - | - | 351,285 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Fund Balances | <u>1,445,508</u> | <u>92,623</u> | <u>50,160</u> | <u>-</u> | <u>1,588,291</u> |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities and Fund Balances | <u>\$ 1,550,966</u> | <u>\$ 501,658</u> | <u>\$ 50,160</u> | <u>\$ -</u> | |

**NORTH HALEDON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022**

| | | |
|--|------------------|---------------------|
| Total Fund Balances (Exhibit B-1) | \$ | 1,588,291 |
| <p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p> | | |
| <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$32,762,502 and the accumulated depreciation is \$18,151,457</p> | | 14,611,045 |
| <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> | | 327,005 |
| <p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p> | | |
| <p>Deferred Outflows of Resources</p> | \$ 310,203 | |
| <p>Deferred Inflows of Resources</p> | <u>(642,565)</u> | (332,362) |
| <p>The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:</p> | | (173,660) |
| <p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds</p> | | |
| <p>Bonds Payable, Net</p> | \$ 11,984,774 | |
| <p>Capital Leases Payable</p> | 131,622 | |
| <p>Compensated Absences Payable</p> | 212,547 | |
| <p>Net Pension Liability</p> | <u>631,312</u> | <u>(12,960,255)</u> |
| <p>Net position of governmental activities</p> | <u>\$</u> | <u>3,060,064</u> |

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

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Local Tax Levy | \$ 10,000,828 | | | \$ 1,444,439 | \$ 11,445,267 |
| Rental | 10,193 | | | | 10,193 |
| Interest | 5,001 | | | | 5,001 |
| Miscellaneous | 63,034 | \$ 37,460 | - | - | 100,494 |
| Total - Local Sources | <u>10,079,056</u> | <u>37,460</u> | <u>-</u> | <u>1,444,439</u> | <u>11,560,955</u> |
| State Sources | 3,549,352 | 14,175 | | | 3,563,527 |
| Federal Sources | - | 654,967 | - | - | 654,967 |
| Total Revenues | <u>13,628,408</u> | <u>706,602</u> | <u>-</u> | <u>1,444,439</u> | <u>15,779,449</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Regular Instruction | 5,708,170 | 97,139 | | | 5,805,309 |
| Special Education Instruction | 2,108,021 | 171,514 | | | 2,279,535 |
| Other Instruction | 220,646 | | | | 220,646 |
| School-Sponsored Activities and Athletics | 46,042 | 32,997 | | | 79,039 |
| Support Services and Undistributed Costs | | | | | |
| Student and Instruction Related Services | 1,951,146 | 88,469 | | | 2,039,615 |
| General Administrative Services | 530,232 | | | | 530,232 |
| School Administrative Services | 565,183 | | | | 565,183 |
| Administration Information Technology | 123,565 | | | | 123,565 |
| Plant Operations and Maintenance | 1,279,184 | 312,020 | | | 1,591,204 |
| Pupil Transportation | 244,928 | | | | 244,928 |
| Business Services | 445,944 | | | | 445,944 |
| Debt Service | | | | | |
| Principal | 38,174 | | | 1,000,000 | 1,038,174 |
| Interest and Other Charges | 4,847 | | | 494,600 | 499,447 |
| Capital Outlay | 134,370 | - | - | - | 134,370 |
| Total Expenditures | <u>13,400,452</u> | <u>702,139</u> | <u>-</u> | <u>1,494,600</u> | <u>15,597,191</u> |
| Excess of Revenues Over Expenditures | <u>227,956</u> | <u>4,463</u> | <u>-</u> | <u>(50,161)</u> | <u>182,258</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating Transfers In | | | | 50,161 | 50,161 |
| Operating Transfers Out | - | - | \$ (50,161) | - | (50,161) |
| Lease Proceeds | 13,520 | - | - | - | 13,520 |
| Net Change in Fund Balances | 241,476 | 4,463 | (50,161) | - | 195,778 |
| Fund Balance, Beginning of Year | <u>1,204,032</u> | <u>88,160</u> | <u>100,321</u> | <u>-</u> | <u>1,392,513</u> |
| Fund Balance, End of Year | <u>\$ 1,445,508</u> | <u>\$ 92,623</u> | <u>\$ 50,160</u> | <u>\$ -</u> | <u>\$ 1,588,291</u> |

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

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

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 195,778

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

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

| | | | |
|----------------------|----|------------------|-----------|
| Capital Outlay | \$ | 120,850 | |
| Depreciation Expense | | <u>(929,564)</u> | (808,714) |

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

| | | | |
|--------------------|--|------------------|-----------|
| Principal Payments | | | |
| Capital Leases | | 38,174 | |
| Bonds Payable | | <u>1,000,000</u> | 1,038,174 |

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

| | | | |
|----------------------------------|--|----------------|---------|
| Increase in Compensated Absences | | (28,409) | |
| Decrease in Pension Expense | | <u>277,403</u> | 248,994 |

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

| | | | |
|--|--|---------------|---------------|
| Amortization of Deferred Amount on Refunding of Debt | | (85,937) | |
| Amortization of Premium | | 143,872 | |
| Decrease in Accrued Interest | | <u>16,002</u> | <u>73,937</u> |

Change in net position of governmental activities \$ 748,169

**NORTH HALEDON BOARD OF EDUCATION
 PROPRIETARY FUND
 ENTERPRISE FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2022**

| | <u>Enterprise Fund- Food Service</u> |
|---|--|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 83,008 |
| Intergovernmental Receivable | |
| State | 486 |
| Federal | 21,101 |
| Due from Other Funds | 524 |
| Other Accounts Receivable | 344 |
| Inventories | <u>2,310</u> |
| Total Current Assets | <u>107,773</u> |
| Capital Assets | |
| Equipment | 123,579 |
| Less: Accumulated Depreciation | <u>(82,656)</u> |
| Total Capital Assets, Net of Accumulated Depreciation | <u>40,923</u> |
| Total Assets | <u>148,696</u> |
| LIABILITIES | |
| Current Liabilities | |
| Unearned Revenue | <u>9,940</u> |
| Total Current Liabilities | <u>9,940</u> |
| DEFERRED INFLOW OF RESOURCES | |
| Deferred Commodities Revenue | <u>205</u> |
| Total Liabilities and Deferred Inflow of Resources | <u>10,145</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 40,923 |
| Unrestricted | <u>97,628</u> |
| Total Net Position | <u>\$ 138,551</u> |

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

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

| | Enterprise Fund - Food Service |
|---|---|
| OPERATING REVENUES | |
| Charges for Services | |
| Daily Sales - Reimbursable Programs | \$ 23,721 |
| Miscellaneous | <u>7,470</u> |
| Total Operating Revenues | <u>31,191</u> |
| OPERATING EXPENSES | |
| Cost of Sales | 134,870 |
| Salaries and Wages | 87,668 |
| Insurance | 11,265 |
| Management Fee | 8,786 |
| Supplies and Materials | 656 |
| Depreciation | 5,850 |
| Miscellaneous | <u>17,064</u> |
| Total Operating Expenses | <u>266,158</u> |
| Operating Loss | <u>(234,967)</u> |
| NONOPERATING REVENUES | |
| Interest Income | 176 |
| State Sources | |
| State School Lunch Program | 6,348 |
| Federal Sources | |
| National School Lunch Program | 270,186 |
| Food Distribution Program - Non-Cash Assistance | <u>21,483</u> |
| Total Nonoperating Revenues | <u>298,193</u> |
| Change in Net Position | 63,226 |
| Net Position, Beginning of Year | <u>75,325</u> |
| Net Position, End of Year | <u><u>\$ 138,551</u></u> |

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

**NORTH HALEDON BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | <u>Enterprise Fund - Food Service</u> |
|--|---|
| Cash Flows from Operating Activities | |
| Cash Received from Customers | \$ 31,191 |
| Cash Payments for Employees' Salaries and Benefits | (87,668) |
| Cash Payments to Suppliers for Goods and Services | <u>(150,986)</u> |
| Net Cash Provided by/(Used for) Operating Activities | <u>(207,462)</u> |
| Cash Flows from Investing Activities | |
| Interest Income | <u>176</u> |
| Net Cash Provided by Investing Activities | <u>176</u> |
| Cash Flows from Noncapital Financing Activities | |
| Cash Received from State and Federal Subsidy Reimbursements | <u>261,847</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>261,847</u> |
| Net Increase in Cash and Cash Equivalents | 54,561 |
| Cash and Cash Equivalents, Beginning of Year | <u>28,447</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 83,008</u></u> |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities | |
| Operating Loss | <u>\$ (234,967)</u> |
| Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities | |
| Depreciation | 5,850 |
| Food Distribution Program - Non-Cash Assistance | 21,483 |
| Change in Assets and Liabilities | |
| (Increase)/Decrease in Inventory | 4,682 |
| (Increase)/Decrease in Accounts Receivable | 266 |
| Increase/(Decrease) in Accounts Payable | (2,150) |
| Increase/(Decrease) in Deferred Commodities Revenue | <u>(2,626)</u> |
| Total Adjustments | <u>27,505</u> |
| Net Cash Provided by (Used for) Operating Activities | <u><u>\$ (207,462)</u></u> |
| Non-Cash Investing, Capital and Financing Activities | |
| Value Received - Food Distribution Program | <u><u>\$ 21,483</u></u> |

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The North Haledon Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent 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 North Haledon Board of Education this includes general operations, food service and student related activities of the District.

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

B. New Accounting Standards

During fiscal year 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.
- 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.

**NORTH HALEDON 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. 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.

**NORTH HALEDON 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 and enterprise funds to be major funds.

The District reports the following major governmental funds:

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

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

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

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

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

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

4. Capital Assets

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

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

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

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

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the difference on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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

6. Compensated Absences

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

7. Pensions

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Financing Agreements

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

9. Long-Term Obligations

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

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

10. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

**NORTH HALEDON 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. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

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

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

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

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

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

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

11. 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).

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. The District has no committed fund balance at year end.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. *Fund Balance Policies (Continued)*

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 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 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.

**NORTH HALEDON 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. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April. Districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Board adopted a resolution to move the annual election to the date of the general election, therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2021/2022. Also, during 2021/2022 the Board increased the original budget by \$520,687. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

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

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

| | |
|-----------------------|-------------------|
| Balance July 1, 2021 | \$ 211,708 |
| Increases by | |
| Board Resolution | <u>200,000</u> |
| Balance June 30, 2022 | <u>\$ 411,708</u> |

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 | <u>\$ 165,000</u> |
| Balance June 30, 2022 | <u>\$ 165,000</u> |

The June 30, 2022 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$310,448.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. 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 \$346,991. Of this amount, \$114,747 was designated and appropriated in the 2022/2023 original budget certified for taxes and the remaining amount of \$232,244 is required to 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.

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 \$1,685,945 and bank and brokerage firm balances of the Board's deposits amounted to \$1,947,699. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

| | |
|------------------------------|---------------------|
| Insured | \$ 1,924,777 |
| Uninsured and Collateralized | <u>22,922</u> |
| | <u>\$ 1,947,699</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 was not exposed to custodial credit risk.

Depository Account

Uninsured and Collateralized:

| | |
|--|------------------|
| Collateral held by pledging financial institution's trust department but not in the Board's name | <u>\$ 22,922</u> |
|--|------------------|

**NORTH HALEDON 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

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

As of June 30, 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 funds, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General Fund</u> | <u>Special Revenue</u> | <u>Food Service</u> | <u>Total</u> |
|---------------------------------------|-------------------------|----------------------------|-------------------------|-------------------|
| Receivables: | | | | |
| Intergovernmental | | | | |
| Federal | | \$ 380,635 | \$ 21,101 | \$ 401,736 |
| State | \$ 51,008 | | 486 | 51,494 |
| Other Accounts Receivables | - | - | 344 | 344 |
| Gross Receivables | 51,008 | 380,635 | 21,931 | 453,574 |
| Less: Allowance for Uncollectibles | - | - | - | - |
| Net Total Receivables | <u>\$ 51,008</u> | <u>\$ 380,635</u> | <u>\$ 21,931</u> | <u>\$ 453,574</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

| | <u>Unearned</u> |
|---|-----------------|
| Special Revenue Fund | |
| Unencumbered Grant Drawdowns | \$ 2,319 |
| Total Unearned Revenue for Governmental Funds | \$ 2,319 |

D. Capital Assets

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

| | <u>Balance, July 1, 2021</u> | <u>Increases</u> | <u>Decrease</u> | <u>Balance, June 30, 2022</u> |
|--|----------------------------------|------------------|-----------------|-----------------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 70,295 | - | - | \$ 70,295 |
| Total capital assets, not being depreciated | 70,295 | - | - | 70,295 |
| Capital assets, being depreciated: | | | | |
| Buildings | 31,550,597 | \$ 74,466 | | 31,625,063 |
| Machinery and equipment | 1,051,945 | 59,904 | \$ (44,705) | 1,067,144 |
| Total capital assets being depreciated | 32,602,542 | 134,370 | (44,705) | 32,692,207 |
| Less accumulated depreciation for: | | | | |
| Buildings | (16,354,304) | (878,797) | | (17,233,101) |
| Machinery and equipment | (912,294) | (50,767) | 44,705 | (918,356) |
| Total accumulated depreciation | (17,266,598) | (929,564) | 44,705 | (18,151,457) |
| Total capital assets, being depreciated, net | 15,335,944 | (795,194) | - | 14,540,750 |
| Governmental activities capital assets, net | \$ 15,406,239 | \$ (795,194) | \$ - | \$ 14,611,045 |

**NORTH HALEDON 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, July 1, 2020 | Increases | Decrease | Adjustments | Balance, June 30, 2021 |
|--|--------------------------|-------------------|-------------|-------------|---------------------------|
| Business-type activities: | | | | | |
| Capital assets, being depreciated: | | | | | |
| Machinery and equipment | \$ 123,579 | - | - | - | \$ 123,579 |
| Total capital assets being depreciated | <u>123,579</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>123,579</u> |
| Less accumulated depreciation for: | | | | | |
| Machinery and equipment | (76,806) | \$ (5,850) | - | - | (82,656) |
| Total accumulated depreciation | <u>(76,806)</u> | <u>(5,850)</u> | <u>-</u> | <u>-</u> | <u>(82,656)</u> |
| Total capital assets, being depreciated, net | <u>46,773</u> | <u>(5,850)</u> | <u>-</u> | <u>-</u> | <u>40,923</u> |
| Business-type activities capital assets, net | <u>\$ 46,773</u> | <u>\$ (5,850)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 40,923</u> |

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

Governmental Activities:

Instruction

| | |
|---|------------|
| Regular | \$ 872,243 |
| Special | 567 |
| School-Sponsored Activities and Athletics | <u>937</u> |

Total Instruction 873,747

Support Services

| | |
|-------------------------------------|---------------|
| Support Services-Students | 11,063 |
| General Administration | 4,582 |
| School Administration | 1,922 |
| Business Services/Admin Info Tech | |
| Operations and Maintenance of Plant | <u>38,250</u> |

Total Support Services 55,817

Total Depreciation Expense - Governmental Activities \$ 929,564

Business-Type Activities:

| | |
|-------------------|-----------------|
| Food Service Fund | <u>\$ 5,850</u> |
|-------------------|-----------------|

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2022, is as follows:

Due To/From Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|----------------------|------------------|
| General Fund | Special Revenue Fund | \$ 68,204 |
| Food Service Fund | General Fund | <u>524</u> |
| Total | | <u>\$ 68,728</u> |

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

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

F. Financing Agreements

Capital Financing Agreements

The District entered into the following agreements to finance the construction of major capital facilities and other capital assets under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the District's approved budget.

Capital financing agreements at June 30, 2022 are comprised of the following:

| | | |
|---|----|----------------|
| \$232,700, fiscal year 2020 Agreement for the acquisition of energy saving improvement for a term of 5 years due in annual installments of \$38,490-\$40,773 through July 15, 2024 interest at 2.923% | \$ | 118,879 |
| \$13,520, fiscal year 2022 Agreement for the acquisition of a copier for a term of 5 years due in monthly installments of \$197-\$262 through February 28, 2027 | | <u>12,743</u> |
| Total | \$ | <u>131,622</u> |

**NORTH HALEDON 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. Financing Agreements (Continued)

Capital Financing Agreements (Continued)

The maturity schedule of the remaining capital financing agreement payments for principal and interest is as follows:

Governmental Activities:

| Fiscal Year Ending June 30, | <u>Capital Agreements</u> | |
|-----------------------------------|---------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2023 | \$ 40,921 | \$ 4,213 |
| 2024 | 42,204 | 2,930 |
| 2025 | 43,530 | 1,603 |
| 2026 | 2,936 | 232 |
| 2027 | <u>2,031</u> | <u>80</u> |
| Total | <u>\$ 131,622</u> | <u>\$ 9,058</u> |

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2022 are comprised of the following issues:

| | |
|--|----------------------|
| \$9,595,000 2014 Refunding Bonds, due in annual installments of \$1,045,000 to \$1,245,000 through February 15, 2027, interest at 4.000% | \$ 5,725,000 |
| \$7,240,000 2015 Refunding Bonds, due in annual installments of \$1,320,000 to \$1,500,000 through February 15, 2031, interest at 4.000% | <u>5,640,000</u> |
| | <u>\$ 11,365,000</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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 | \$ 1,045,000 | \$ 454,600 | \$ 1,499,600 |
| 2024 | 1,095,000 | 412,800 | 1,507,800 |
| 2025 | 1,145,000 | 369,000 | 1,514,000 |
| 2026 | 1,195,000 | 323,200 | 1,518,200 |
| 2027 | 1,245,000 | 275,400 | 1,520,400 |
| 2028-2031 | <u>5,640,000</u> | <u>576,000</u> | <u>6,216,000</u> |
| | <u>\$ 11,365,000</u> | <u>\$ 2,411,000</u> | <u>\$ 13,776,000</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) | \$ 42,443,130 |
| Less: Net Debt | <u>11,365,000</u> |
| Remaining Borrowing Power | <u>\$ 31,078,130</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

| | <u>Balance, July 1, 2021</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance, June 30, 2022</u> | <u>Within One Year</u> |
|--|----------------------------------|------------------|---------------------|-----------------------------------|----------------------------|
| Governmental activities: | | | | | |
| Bonds Payable | \$ 12,365,000 | | \$ 1,000,000 | \$ 11,365,000 | \$ 1,045,000 |
| Add: Unamortized Premium | <u>763,646</u> | <u>-</u> | <u>143,872</u> | <u>619,774</u> | <u>-</u> |
| Net Bonds Payable | 13,128,646 | - | 1,143,872 | 11,984,774 | 1,045,000 |
| Capital Financing Agreements | 156,276 | \$ 13,520 | 38,174 | 131,622 | 41,370 |
| Compensated Absences | 184,138 | 28,409 | | 212,547 | |
| Net Pension Liability | <u>667,337</u> | <u>-</u> | <u>36,025</u> | <u>631,312</u> | <u>-</u> |
| Governmental Activity Long-Term Liabilities | <u>\$ 14,136,397</u> | <u>\$ 41,929</u> | <u>\$ 1,218,071</u> | <u>\$ 12,960,255</u> | <u>\$ 1,086,370</u> |

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

| Fiscal Year Ended <u>June 30,</u> | Employee <u>Contributions</u> | District <u>Contribution</u> | Amount <u>Reimbursed</u> | Ending <u>Balance</u> |
|---|----------------------------------|---------------------------------|-----------------------------|--------------------------|
| 2022 | \$ 12,255 | \$ 15,000 | \$ 213 | \$ 14,764 |
| 2021 | 13,102 | 15,000 | 25,167 | 24,421 |
| 2020 | 33,032 | 15,000 | 32,091 | 21,428 |

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.

**NORTH HALEDON 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

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.

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

The following represents the membership tiers for PERS:

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

The following represent the membership tiers for TPAF:

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

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required 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.

**NORTH HALEDON 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)

Other Pension Funds

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

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

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

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

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 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.

**NORTH HALEDON 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)

PERS employees' and TPAF State's contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 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 employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 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:

| Year Ended <u>June 30,</u> | <u>PERS</u> | On-behalf <u>TPAF</u> | <u>DCRP</u> |
|-------------------------------|-------------|--------------------------|-------------|
| 2022 | \$ 77,650 | \$ 1,954,007 | \$ 1,003 |
| 2021 | 86,846 | 1,389,362 | 1,435 |
| 2020 | 51,440 | 1,015,292 | 3,633 |

In addition for fiscal years 2022, 2021 and 2020 the District contributed \$0, \$0 and \$338, respectively for PERS and the State contributed \$837, \$900 and \$831, 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 \$386,098 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.

**NORTH HALEDON 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)

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 \$631,312 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 0.00533 percent, which was an increase of 0.00124 percent from its proportionate share measured as of June 30, 2020 of 0.00409 percent.

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$199,783 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:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Difference Between Expected and Actual Experience | \$ 9,957 | \$ 4,519 |
| Changes of Assumptions | 3,288 | 224,751 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | 166,304 |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | <u>296,958</u> | <u>246,991</u> |
| Total | <u>\$ 310,203</u> | <u>\$ 642,565</u> |

**NORTH HALEDON 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)

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 benefit as follows:

| Year Ending <u>June 30,</u> | <u>Total</u> |
|-----------------------------------|---------------------|
| 2023 | \$ (186,762) |
| 2024 | (61,774) |
| 2025 | (65,716) |
| 2026 | (22,896) |
| 2027 | 4,786 |
| Thereafter | <u>-</u> |
| | <u>\$ (332,362)</u> |

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% |

**NORTH HALEDON 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 (Continued)

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.

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% |

**NORTH HALEDON 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:

| | 1% Decrease <u>6.00%</u> | Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
|---|---|---|---|
| District's Proportionate Share of the PERS Net Pension Liability | \$ <u>859,719</u> | \$ <u>631,312</u> | \$ <u>437,476</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.

**NORTH HALEDON 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)**

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 \$1,954,007 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the net pension liability attributable to the District is \$22,548,830. 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 0.04690 percent, which was an increase of 0.00133 percent from its proportionate share measured as of June 30, 2020 of .04557 percent.

**NORTH HALEDON 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)

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.

**NORTH HALEDON 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)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 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% |

**NORTH HALEDON 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)

Teachers Pension and Annuity Fund (TPAF) (Continued)

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.

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:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------------------|--|------------------------------------|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District | \$ 26,679,032 | \$ 22,548,830 | \$ 19,079,720 |

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.

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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member’s employer does not provide this coverage. 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.

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.

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

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 \$456,535, \$435,404 and \$376,654, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2020 through June 30, 2021. Nonemployer allocation percentages have been rounded for presentation purposes.

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

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)

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 \$1,676,224. 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 \$25,376,331. 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 and 2020, the state's share of the OPEB liability attributable to the District was 0.04 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.

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 disables 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.

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

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)

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.

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 (State Share 100%) |
|--|---|
| Balance, June 30, 2020 Measurement Date | \$ <u>28,273,054</u> |
| Changes Recognized for the Fiscal Year: | |
| Service Cost | 1,423,807 |
| Interest on the Total OPEB Liability | 658,289 |
| Changes in Benefit Terms | (27,010) |
| Differences Between Expected and Actual Experience | (4,475,127) |
| Changes of Assumptions | 25,036 |
| Gross Benefit Payments | (518,547) |
| Contributions from the Member | 16,829 |
| Net Changes | <u>\$ (2,896,723)</u> |
| Balance, June 30, 2021 Measurement Date | \$ <u>25,376,331</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.

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

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:

| | 1% Decrease <u>(1.16%)</u> | Current Discount Rate <u>(2.16%)</u> | 1% Increase <u>(3.16%)</u> |
|--|---|---|---|
| State's Proportionate Share of the OPEB Liability Attributable to the District | <u>\$ 30,396,861</u> | <u>\$ 25,376,331</u> | <u>\$ 21,422,965</u> |

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

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|--|------------------------|--|------------------------|
| State's Proportionate Share of the OPEB Liability Attributable to the District | <u>\$ 20,542,222</u> | <u>\$ 25,376,331</u> | <u>\$ 31,868,182</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.

NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPMENTS

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.

**NORTH HALEDON 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)

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.

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 \$1,415,816 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

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

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|---|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Local Tax Levy | \$ 10,000,828 | | \$ 10,000,828 | \$ 10,000,828 | |
| Interest | 600 | \$ 900 | 1,500 | 5,001 | \$ 3,501 |
| Rental | 6,000 | - | 6,000 | 10,193 | 4,193 |
| Miscellaneous Revenue | <u>3,100</u> | <u>(900)</u> | <u>2,200</u> | <u>63,034</u> | <u>60,834</u> |
| Total Local Sources | <u>10,010,528</u> | <u>-</u> | <u>10,010,528</u> | <u>10,079,056</u> | <u>68,528</u> |
| State Sources | | | | | |
| Categorical Special Education Aid | 466,438 | - | 466,438 | 466,438 | |
| Categorical Security Aid | 23,855 | - | 23,855 | 23,855 | |
| Categorical Transportation Aid | 85,420 | - | 85,420 | 85,420 | |
| Additional Nonpublic Transportation Aid | | | | 31,610 | 31,610 |
| Extraordinary Aid | 55,000 | - | 55,000 | 216,570 | 161,570 |
| On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget) | | | | 1,926,822 | 1,926,822 |
| On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget) | | | | 27,185 | 27,185 |
| On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution (Non-Budget) | | | | 456,535 | 456,535 |
| On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget) | | | | 837 | 837 |
| Reimbursed TPAF Social Security Payments (Non-Budget) | <u>-</u> | <u>-</u> | <u>-</u> | <u>386,098</u> | <u>386,098</u> |
| Total State Sources | <u>630,713</u> | <u>-</u> | <u>630,713</u> | <u>3,621,370</u> | <u>2,990,657</u> |
| Total Revenues | <u>10,641,241</u> | <u>-</u> | <u>10,641,241</u> | <u>13,700,426</u> | <u>3,059,185</u> |
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES | | | | | |
| Instruction - Regular Programs | | | | | |
| Salaries of Teachers | | | | | |
| Kindergarten | 361,588 | (46,588) | 315,000 | 311,301 | 3,699 |
| Grades 1-5 | 1,668,839 | (51,277) | 1,617,562 | 1,613,395 | 4,167 |
| Grades 6-8 | 1,154,162 | 24,130 | 1,178,292 | 1,168,742 | 9,550 |
| Unused Sick Pay | - | 26,400 | 26,400 | 26,400 | - |
| Regular Program - Home Instruction | | | | | |
| Salaries of Teachers | 5,000 | - | 5,000 | 1,500 | 3,500 |
| Regular Programs - Undistributed Instruction | | | | | |
| Purchased Technical Services | 68,498 | 12,961 | 81,459 | 77,828 | 3,631 |
| Other Purchased Services | 46,461 | 4,972 | 51,433 | 50,405 | 1,028 |
| General Supplies | 174,858 | 16,429 | 191,287 | 117,917 | 73,370 |
| Other Objects | <u>4,644</u> | <u>(618)</u> | <u>4,026</u> | <u>3,895</u> | <u>131</u> |
| Total Regular Programs | <u>3,484,050</u> | <u>(13,591)</u> | <u>3,470,459</u> | <u>3,371,383</u> | <u>99,076</u> |

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

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|---|--------------------|---------------------|------------------|------------------|--------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Special Education | | | | | |
| Learning and/or Language Disabilities | | | | | |
| Salaries of Teachers | \$ 63,945 | \$ 1,715 | \$ 65,660 | \$ 65,159 | \$ 501 |
| Other Salaries for Instruction | 49,446 | 354 | 49,800 | 47,698 | 2,102 |
| General Supplies | 100 | - | 100 | - | 100 |
| | <u>113,491</u> | <u>2,069</u> | <u>115,560</u> | <u>112,857</u> | <u>2,703</u> |
| Total Learning and/or Language Disabilities | | | | | |
| Multiple Disabilities | | | | | |
| Salaries of Teachers | 271,326 | (92,286) | 179,040 | 177,117 | 1,923 |
| Other Salaries for Instruction | 69,902 | 6,551 | 76,453 | 73,762 | 2,691 |
| General Supplies | 2,078 | 3,832 | 5,910 | 2,590 | 3,320 |
| | <u>343,306</u> | <u>(81,903)</u> | <u>261,403</u> | <u>253,469</u> | <u>7,934</u> |
| Total Multiple Disabilities | | | | | |
| Resource Room | | | | | |
| Salaries of Teachers | 547,455 | (26,975) | 520,480 | 515,455 | 5,025 |
| Other Salaries for Instruction | 152,526 | (38,038) | 114,488 | 108,630 | 5,858 |
| General Supplies | 2,045 | - | 2,045 | 1,381 | 664 |
| | <u>702,026</u> | <u>(65,013)</u> | <u>637,013</u> | <u>625,466</u> | <u>11,547</u> |
| Total Resource Room | | | | | |
| Preschool Disabilities - Part-Time | | | | | |
| Salaries of Teachers | 87,006 | (5,746) | 81,260 | 79,034 | 2,226 |
| Other Salaries for Instruction | 49,837 | - | 49,837 | 48,944 | 893 |
| General Supplies | - | 1,023 | 1,023 | 855 | 168 |
| Unused Sick Pay | - | 6,640 | 6,640 | 6,640 | - |
| | <u>136,843</u> | <u>1,917</u> | <u>138,760</u> | <u>135,473</u> | <u>3,287</u> |
| Total Preschool Disabilities - Part-Time | | | | | |
| Total Special Education | <u>1,295,666</u> | <u>(142,930)</u> | <u>1,152,736</u> | <u>1,127,265</u> | <u>25,471</u> |

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

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|---|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Basic Skills/Remedial | | | | | |
| Salaries of Teachers | \$ 101,955 | \$ 9,335 | \$ 111,290 | \$ 110,190 | \$ 1,100 |
| General Supplies | 3,716 | 297 | 4,013 | 4,006 | 7 |
| Total Basic Skills/Remedial | <u>105,671</u> | <u>9,632</u> | <u>115,303</u> | <u>114,196</u> | <u>1,107</u> |
| Bilingual Education | | | | | |
| Salaries of Teachers | 12,442 | 1,098 | 13,540 | 13,540 | - |
| General Supplies | 479 | (200) | 279 | 238 | 41 |
| Total Bilingual Education | <u>12,921</u> | <u>898</u> | <u>13,819</u> | <u>13,778</u> | <u>41</u> |
| School Sponsored Cocurricular Activities | | | | | |
| Salaries | 26,350 | 2,600 | 28,950 | 26,325 | 2,625 |
| Total School Sponsored Cocurricular Activities | <u>26,350</u> | <u>2,600</u> | <u>28,950</u> | <u>26,325</u> | <u>2,625</u> |
| Total Instruction | <u>4,924,658</u> | <u>(143,391)</u> | <u>4,781,267</u> | <u>4,652,947</u> | <u>128,320</u> |
| Undistributed Expenditures | | | | | |
| Instruction | | | | | |
| Tuition to CSSD & Reg. Day Schools | - | 46,414 | 46,414 | 46,414 | - |
| Tuition to Priv. Sch. for the Disabled | | | | | |
| Within the State | 181,236 | (20,117) | 161,119 | 161,118 | 1 |
| Total Undistributed Expenditures - Instruction | <u>181,236</u> | <u>26,297</u> | <u>207,533</u> | <u>207,532</u> | <u>1</u> |
| Attendance & Social Work | | | | | |
| Other Purchased Services | 4,330 | - | 4,330 | 4,330 | - |
| Total Attendance & Social Work | <u>4,330</u> | <u>-</u> | <u>4,330</u> | <u>4,330</u> | <u>-</u> |
| Health Services | | | | | |
| Salaries | 153,968 | (2,389) | 151,579 | 149,379 | 2,200 |
| Purchased Professional and Technical Services | 5,184 | (900) | 4,284 | 3,382 | 902 |
| Supplies and Materials | 4,025 | 980 | 5,005 | 3,790 | 1,215 |
| Other Objects | 380 | 240 | 620 | 325 | 295 |
| Total Health Services | <u>163,557</u> | <u>(2,069)</u> | <u>161,488</u> | <u>156,876</u> | <u>4,612</u> |
| Speech, OT, PT and Related Services | | | | | |
| Salaries | 158,444 | 56 | 158,500 | 155,811 | 2,689 |
| Purchased Professional-Educational Services | 299,940 | (7,805) | 292,135 | 261,185 | 30,950 |
| Other Objects | 875 | (263) | 612 | 529 | 83 |
| Supplies and Materials | 2,400 | (1,448) | 952 | 950 | 2 |
| Total Speech, OT, PT and Related Services | <u>461,659</u> | <u>(9,460)</u> | <u>452,199</u> | <u>418,475</u> | <u>33,724</u> |

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

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------|---|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Other Support Serv. Students - Extra Svcs. | | | | | |
| Salaries | | \$ 21,865 | \$ 21,865 | \$ 20,946 | \$ 919 |
| Purchased Professional-Educational Services | \$ 75,000 | (17,113) | 57,887 | 53,795 | 4,092 |
| Total Other Support Serv. Students - Extra Svcs. | 75,000 | 4,752 | 79,752 | 74,741 | 5,011 |
| Guidance | | | | | |
| Salaries of Other Professional Staff | 129,610 | (2,500) | 127,110 | 123,058 | 4,052 |
| Other Purchased Services | 5,330 | - | 5,330 | 4,830 | 500 |
| Supplies and Materials | 2,120 | - | 2,120 | 1,451 | 669 |
| Other Objects | 438 | 992 | 1,430 | 1,340 | 90 |
| Total Guidance | 137,498 | (1,508) | 135,990 | 130,679 | 5,311 |
| Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 332,744 | (6,844) | 325,900 | 321,473 | 4,427 |
| Purchased Professional - Educational Services | 10,400 | 5,200 | 15,600 | 15,095 | 505 |
| Other Purchased Prof. and Tech. Services | 6,530 | - | 6,530 | 4,650 | 1,880 |
| Misc. Purchased Services | 3,400 | (1,700) | 1,700 | 1,210 | 490 |
| Supplies and Materials | 3,151 | 2,151 | 5,302 | 5,300 | 2 |
| Other Objects | 350 | 2,726 | 3,076 | 3,076 | - |
| Total Child Study Teams | 356,575 | 1,533 | 358,108 | 350,804 | 7,304 |
| Improvement of Instructional Services | | | | | |
| Salary of Supervisor of Instruction | 55,550 | 6 | 55,556 | 55,556 | - |
| Salaries of Other Professional Staff | 6,500 | (155) | 6,345 | 6,345 | - |
| Purchased Professional - Technical Services | 12,535 | (66) | 12,469 | 12,464 | 5 |
| Other Objects | 1,856 | (18) | 1,838 | 1,830 | 8 |
| Total Improvement of Instructional Services | 76,441 | (233) | 76,208 | 76,195 | 13 |
| Educational Media Services/School Library | | | | | |
| Salaries - Regular | 63,857 | (1,297) | 62,560 | 62,560 | - |
| Purchased Professional and Technical Services | 2,000 | - | 2,000 | 1,814 | 186 |
| Supplies and Materials | 3,100 | - | 3,100 | 2,633 | 467 |
| Total Educational Media Serv./School Library | 68,957 | (1,297) | 67,660 | 67,007 | 653 |
| Instructional Staff Training Services | | | | | |
| Other Salaries | 1,000 | 155 | 1,155 | 1,049 | 106 |
| Total Instructional Staff Training Services | 1,000 | 155 | 1,155 | 1,049 | 106 |

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

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|---|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Support Services General Administration | | | | | |
| Salaries | \$ 208,181 | | \$ 208,181 | \$ 208,180 | \$ 1 |
| Legal Services | 25,000 | | 25,000 | 12,781 | 12,219 |
| Audit Fees | 26,800 | | 26,800 | 26,516 | 284 |
| Purchased Technical Services | 4,990 | | 4,990 | 4,990 | - |
| Communications/Telephone | 19,203 | \$ (1,309) | 17,894 | 15,498 | 2,396 |
| BOE Other Purchased Services | 5,000 | (4,700) | 300 | - | 300 |
| Miscellaneous Purchased Services | 16,000 | 1,477 | 17,477 | 16,182 | 1,295 |
| General Supplies | 1,500 | 680 | 2,180 | 2,160 | 20 |
| Judgments Against The School District | | 3,500 | 3,500 | 3,500 | - |
| Miscellaneous Expenditures | 7,500 | (5,010) | 2,490 | 16 | 2,474 |
| BOE Membership Dues and Fees | 5,475 | 124 | 5,599 | 5,599 | - |
| Total Support Services General Administration | <u>319,649</u> | <u>(5,238)</u> | <u>314,411</u> | <u>295,422</u> | <u>18,989</u> |
| Support Services School Administration | | | | | |
| Salaries of Principal/Asst. Principals | 251,998 | - | 251,998 | 251,997 | 1 |
| Salaries of Secretarial and Clerical Assistants | 73,891 | 413 | 74,304 | 74,267 | 37 |
| Other Purchased Services | 1,000 | - | 1,000 | - | 1,000 |
| Supplies and Materials | 10,310 | (484) | 9,826 | 8,525 | 1,301 |
| Other Objects | 4,885 | - | 4,885 | 2,660 | 2,225 |
| Total Support Services School Administration | <u>342,084</u> | <u>(71)</u> | <u>342,013</u> | <u>337,449</u> | <u>4,564</u> |
| Central Services | | | | | |
| Salaries | 249,250 | - | 249,250 | 244,789 | 4,461 |
| Purchased Professional Services | 28,350 | 6,006 | 34,356 | 34,355 | 1 |
| Misc. Purchased Services | 1,000 | - | 1,000 | 589 | 411 |
| Supplies and Materials | 3,816 | 89 | 3,905 | 3,904 | 1 |
| Miscellaneous Expenditures | 7,150 | - | 7,150 | 3,791 | 3,359 |
| Total Central Services | <u>289,566</u> | <u>6,095</u> | <u>295,661</u> | <u>287,428</u> | <u>8,233</u> |
| Administration Information Technology | | | | | |
| Purchased Technical Services | 124,500 | (935) | 123,565 | 123,565 | - |
| Total Administration Information Technology | <u>124,500</u> | <u>(935)</u> | <u>123,565</u> | <u>123,565</u> | <u>-</u> |
| Required Maintenance for School Facilities | | | | | |
| Salaries | 74,371 | - | 74,371 | 68,393 | 5,978 |
| Cleaning, Repair and Maint. Serv. | 168,087 | 127,233 | 295,320 | 245,319 | 50,001 |
| Lead Testing of Drinking Water | 5,000 | (2,126) | 2,874 | 2,739 | 135 |
| General Supplies | 30,000 | 596 | 30,596 | 28,631 | 1,965 |
| Miscellaneous Expenditures | 5,595 | (411) | 5,184 | 4,621 | 563 |
| Total Required Maintenance for School Facilities | <u>283,053</u> | <u>125,292</u> | <u>408,345</u> | <u>349,703</u> | <u>58,642</u> |

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

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|---|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Other Operation and Maintenance of Plant | | | | | |
| Salaries for Non-Instructional Aides | \$ 68,682 | \$ 11,179 | \$ 79,861 | \$ 71,818 | \$ 8,043 |
| Purchased Prof. And Technical Serv. | 368,150 | 75,000 | 443,150 | 392,749 | 50,401 |
| Cleaning, Repair and Maintenance | 3,000 | - | 3,000 | 751 | 2,249 |
| Lease Purchase Payments - Energy Savings Impr | 41,966 | - | 41,966 | 41,965 | 1 |
| Other Purchased Property Services | 14,000 | 1,120 | 15,120 | 9,073 | 6,047 |
| Insurance | 89,000 | (5,007) | 83,993 | 83,541 | 452 |
| General Supplies | 40,006 | 6,633 | 46,639 | 46,454 | 185 |
| Energy (Natural Gas) | 60,000 | 6,318 | 66,318 | 62,830 | 3,488 |
| Energy (Electricity) | 160,000 | 28,652 | 188,652 | 188,652 | - |
| Total Other Operation and Maintenance of Plant | <u>844,804</u> | <u>123,895</u> | <u>968,699</u> | <u>897,833</u> | <u>70,866</u> |
| Student Transportation Services | | | | | |
| Management fees- ESC & CTSA Transportation | 9,300 | (3,868) | 5,432 | 5,432 | - |
| Contracted Serv.-Aid in Lieu Pymts - NonPub School | 100,000 | 12,078 | 112,078 | 112,077 | 1 |
| Contracted Serv.-(Oth. than Bet Home & Sch) - Ven | 3,600 | (3,600) | - | - | - |
| Contracted Serv.-(Bet. Home and Sch.) Joint Agr. | 20,250 | (15,211) | 5,039 | - | 5,039 |
| Contracted Services (Spl. Ed. Students) - ESCs & CTSA | 151,000 | (14,650) | 136,350 | 127,419 | 8,931 |
| Total Student Transportation Services | <u>284,150</u> | <u>(25,251)</u> | <u>258,899</u> | <u>244,928</u> | <u>13,971</u> |
| Unallocated Benefits - Employee Benefits | | | | | |
| Group Insurance | 4,000 | - | 4,000 | 351 | 3,649 |
| Social Security Contributions | 100,000 | 18,398 | 118,398 | 100,922 | 17,476 |
| Other Retirement Contributions-PERS | 60,000 | 17,651 | 77,651 | 77,650 | 1 |
| Other Retirement Contributions-Regular (DCRP) | 8,000 | (6,997) | 1,003 | 1,003 | - |
| Unemployment Compensation | 15,000 | - | 15,000 | 9,657 | 5,343 |
| Workmen's Compensation | 48,000 | (5,565) | 42,435 | 40,364 | 2,071 |
| Health Benefits | 1,397,071 | (87,129) | 1,309,942 | 1,307,284 | 2,658 |
| Tuition Reimbursement | 24,500 | - | 24,500 | 24,500 | - |
| Other Employee Benefits | 148,695 | (3,959) | 144,736 | 143,235 | 1,501 |
| Total Unallocated Benefits - Employee Benefits | <u>1,805,266</u> | <u>(67,601)</u> | <u>1,737,665</u> | <u>1,704,966</u> | <u>32,699</u> |
| On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget) | | | | | |
| | | | | 1,926,822 | (1,926,822) |
| On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget) | | | | | |
| | | | | 27,185 | (27,185) |
| On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution (Non-Budget) | | | | | |
| | | | | 456,535 | (456,535) |
| On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget) | | | | | |
| | | | | 837 | (837) |
| Reimbursed TPAF Social Security Payments (Non-Budget) | | | | | |
| | - | - | - | 386,098 | (386,098) |
| Total On-behalf | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,797,477</u> | <u>(2,797,477)</u> |
| Food Service | | | | | |
| Food Service Deficit | - | - | - | - | - |
| Total Food Service | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Undistributed Expenditures | <u>5,819,325</u> | <u>174,356</u> | <u>5,993,681</u> | <u>8,526,459</u> | <u>(2,532,778)</u> |
| Total Expenditures - Current Expenditures | <u>10,743,983</u> | <u>30,965</u> | <u>10,774,948</u> | <u>13,179,406</u> | <u>(2,404,458)</u> |

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

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------------|---|
| EXPENDITURES | | | | | |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Grade 5-8 Equipment | \$ 8,000 | \$ 4,758 | \$ 12,758 | \$ 8,295 | \$ 4,463 |
| Grade K-4 Equipment | 23,408 | 12,160 | 35,568 | 35,561 | 7 |
| Acquisitions Under Capital Lease (Non-Budget) | | - | | 13,520 | (13,520) |
| Undistributed Expenditures - Req. Maint. For School Facilities | - | 2,528 | 2,528 | 2,528 | - |
| Total Equipment | <u>31,408</u> | <u>19,446</u> | <u>50,854</u> | <u>59,904</u> | <u>(9,050)</u> |
| Facilities Acquisition and Construction Services | | | | | |
| Construction Services | 70,751 | 3,715 | 74,466 | 74,466 | - |
| Assessment for Debt Service on SDA Funding | 86,676 | - | 86,676 | 86,676 | - |
| Total Facilities Acquisition and Construction Services | <u>157,427</u> | <u>3,715</u> | <u>161,142</u> | <u>161,142</u> | <u>-</u> |
| Total Capital Outlay | <u>188,835</u> | <u>23,161</u> | <u>211,996</u> | <u>221,046</u> | <u>(9,050)</u> |
| Total Expenditures | <u>10,932,818</u> | <u>54,126</u> | <u>10,986,944</u> | <u>13,400,452</u> | <u>(2,413,508)</u> |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | <u>(291,577)</u> | <u>(54,126)</u> | <u>(345,703)</u> | <u>299,974</u> | <u>645,677</u> |
| Other Financing Sources (Uses) | | | | | |
| Capital Lease Proceeds (Non-Budget) | - | - | - | 13,520 | 13,520 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,520</u> | <u>13,520</u> |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses) | <u>(291,577)</u> | <u>(54,126)</u> | <u>(345,703)</u> | <u>313,494</u> | <u>659,197</u> |
| Fund Balance, Beginning of Year | <u>1,397,487</u> | <u>-</u> | <u>1,397,487</u> | <u>1,397,487</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ 1,105,910</u> | <u>\$ (54,126)</u> | <u>\$ 1,051,784</u> | <u>\$ 1,710,981</u> | <u>\$ 659,197</u> |
| Recapitulation of Fund Balance | | | | | |
| Restricted | | | | | |
| Capital Reserve | | | | \$ 411,708 | |
| Maintenance Reserve | | | | 165,000 | |
| Excess Surplus | | | | 232,244 | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | | | | 114,747 | |
| Unemployment Compensation | | | | 14,764 | |
| Assigned | | | | | |
| Year-End Encumbrances | | | | 155,760 | |
| Unassigned | | | | <u>616,758</u> | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | 1,710,981 | |
| Less: Final State Aid Payments Not Recognized on GAAP Basis | | | | <u>(265,473)</u> | |
| Fund Balance Per Governmental Funds (GAAP) | | | | <u>\$ 1,445,508</u> | |

**NORTH HALEDON 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>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES | | | | | |
| Intergovernmental | | | | | |
| Local | \$ 36,000 | \$ 2,050 | \$ 38,050 | \$ 37,460 | \$ (590) |
| State | - | 14,175 | 14,175 | 14,175 | - |
| Federal | 234,882 | 450,336 | 685,218 | 654,967 | (30,251) |
| Total Revenues | <u>270,882</u> | <u>466,561</u> | <u>737,443</u> | <u>706,602</u> | <u>(30,841)</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | 80,000 | 14,864 | 94,864 | 89,899 | 4,965 |
| Salaries of Other Professional Staff | | - | | - | - |
| Other Purchased Services | | 160,167 | 160,167 | 160,167 | - |
| Purchased Professional/Educational Services | 124,092 | (124,092) | | - | - |
| School Sponsored Cocurricular Activities (Non-Budget) | 36,000 | - | 36,000 | 32,997 | 3,003 |
| General Supplies | - | 22,640 | 22,640 | 18,588 | 4,052 |
| Total Instruction | <u>240,092</u> | <u>73,579</u> | <u>313,671</u> | <u>301,651</u> | <u>12,020</u> |
| Support Services | | | | | |
| Personnel Services - Employee Benefits | 10,000 | 23,169 | 33,169 | 31,455 | 1,714 |
| Purchased Professional/Educational Services | 11,145 | 38,907 | 50,052 | 31,482 | 18,570 |
| Other Purchased Services | 6,145 | 7,751 | 13,896 | 13,896 | - |
| Supplies and Materials | 3,500 | 11,135 | 14,635 | 11,635 | 3,000 |
| Total Support Services | <u>30,790</u> | <u>80,962</u> | <u>111,752</u> | <u>88,468</u> | <u>23,284</u> |
| Facilities Acquisition and Construction | | | | | |
| Non-Instructional Equipment | - | 312,020 | 312,020 | 312,020 | - |
| Total Facilities Acq. and Construction | <u>-</u> | <u>312,020</u> | <u>312,020</u> | <u>312,020</u> | <u>-</u> |
| Total Expenditures | <u>270,882</u> | <u>466,561</u> | <u>737,443</u> | <u>702,139</u> | <u>35,304</u> |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,463</u> | <u>4,463</u> |
| Fund Balances, Beginning of Year | <u>88,160</u> | <u>-</u> | <u>88,160</u> | <u>88,160</u> | <u>-</u> |
| Fund Balances, End of Year | <u>\$ 88,160</u> | <u>\$ -</u> | <u>\$ 88,160</u> | <u>\$ 92,623</u> | <u>\$ 4,463</u> |

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

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

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

| | General Fund | Special Revenue Fund |
|--|----------------------------|-------------------------------------|
| Sources/inflows of resources | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | (C-1) \$ 13,700,426 | (C-2) \$ 706,602 |
| Difference - Budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | |
| Encumbrances, June 30, 2021 | | - |
| State Aid and Extraordinary Aid payment recognized for GAAP purposes, not recognized for Budgetary statements (2020/2021) | 193,455 | |
| State Aid and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2021/2022) | <u>(265,473)</u> | <u>-</u> |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | <u>\$ 13,628,408</u> | <u>\$ 706,602</u> |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | (C-1) \$ <u>13,400,452</u> | (C-2) \$ <u>702,139</u> |
| Differences - Budget to GAAP | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | |
| Encumbrances, June 30, 2021 | <u>-</u> | <u>-</u> |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 13,400,452</u> | <u>\$ 702,139</u> |

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

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

Public Employees Retirement System

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

| | <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) | 0.00533% | 0.00409% | 0.00529% | 0.00005% | 0.00412% | 0.00841% | 0.00868% | 0.00847% | 0.00874% |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ 631,312 | \$ 667,337 | \$ 952,879 | \$ 1,018,723 | \$ 959,186 | \$ 2,493,260 | \$ 1,948,989 | \$ 1,586,487 | \$ 1,669,852 |
| District's Covered Payroll | \$ 531,590 | \$ 359,593 | \$ 293,948 | \$ 375,807 | \$ 284,774 | \$ 376,314 | \$ 572,105 | \$ 581,943 | \$ 594,157 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 119% | 186% | 324% | 271% | 337% | 663% | 341% | 273% | 281% |
| 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.

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

Public Employees Retirement System

Last Nine Years
 (Dollar amounts in thousands)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 77,650 | \$ 44,767 | \$ 51,778 | \$ 51,887 | \$ 39,176 | \$ 76,283 | \$ 85,650 | \$ 70,917 | \$ 78,025 |
| Contributions in Relation to the Contractually Required Contribution | <u>77,650</u> | <u>44,767</u> | <u>51,778</u> | <u>51,887</u> | <u>39,176</u> | <u>76,283</u> | <u>85,650</u> | <u>70,917</u> | <u>78,025</u> |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 547,629 | \$ 531,590 | \$ 359,593 | \$ 293,948 | \$ 375,807 | \$ 284,774 | \$ 376,314 | \$ 572,105 | \$ 581,943 |
| Contributions as a Percentage of Covered Payroll | 14% | 8% | 14% | 18% | 10% | 27% | 23% | 12% | 13% |

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

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

Teachers Pension and Annuity Fund

Last Nine Fiscal Years*
 (Dollar amounts in thousands)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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>\$ 22,548,830</u> | <u>\$ 29,943,944</u> | <u>\$ 25,679,106</u> | <u>\$ 25,751,961</u> | <u>\$ 32,346,174</u> | <u>\$ 33,822,352</u> | <u>\$ 25,984,245</u> | <u>\$ 23,029,519</u> | <u>\$ 22,317,128</u> |
| Total | <u>\$ 22,548,830</u> | <u>\$ 29,943,944</u> | <u>\$ 25,679,106</u> | <u>\$ 25,751,961</u> | <u>\$ 32,346,174</u> | <u>\$ 33,822,352</u> | <u>\$ 25,984,245</u> | <u>\$ 23,029,519</u> | <u>\$ 22,317,128</u> |
| District's Covered Payroll | \$ 5,133,524 | \$ 5,165,314 | \$ 4,975,685 | \$ 4,701,028 | \$ 4,265,833 | \$ 4,402,761 | \$ 4,605,730 | \$ 3,970,763 | \$ 4,303,312 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 35.52% | 24.60% | 26.95% | 26.49% | 25.41% | 22.33% | 28.71% | 33.64% | 33.76% |

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

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

**NORTH HALEDON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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 4.

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

Postemployment Health Benefit Plan

Last Four Fiscal Years*

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | |
| Service Cost | \$ 1,423,807 | \$ 740,581 | \$ 670,361 | \$ (360,111) |
| Interest on Total OPEB Liability | 658,289 | 616,244 | 744,428 | 620,709 |
| Changes of Benefit Terms | (27,010) | | | |
| Differences Between Expected and Actual Experience | (4,475,127) | 5,126,016 | (2,875,157) | |
| Changes of Assumptions | 25,036 | 5,164,515 | 255,007 | (2,486,103) |
| Gross Benefit Payments | (518,547) | (492,211) | (525,011) | (82,378) |
| Contribution from the Member | 16,829 | 14,919 | 15,563 | 3,033 |
| Net Change in Total OPEB Liability | <u>(2,896,723)</u> | <u>11,170,064</u> | <u>(1,714,809)</u> | <u>(2,304,850)</u> |
| Total OPEB Liability - Beginning | <u>28,273,054</u> | <u>17,102,990</u> | <u>18,817,799</u> | <u>21,122,649</u> |
| Total OPEB Liability - Ending | <u>\$ 25,376,331</u> | <u>\$ 28,273,054</u> | <u>\$ 17,102,990</u> | <u>\$ 18,817,799</u> |
| District's Proportionate Share of OPEB Liability | - | - | - | - |
| State's Proportionate Share of OPEB Liability | \$ 25,376,331 | \$ 28,273,054 | \$ 17,102,990 | \$ 18,817,799 |
| Total OPEB Liability - Ending | <u>\$ 25,376,331</u> | <u>\$ 28,273,054</u> | <u>\$ 17,102,990</u> | <u>\$ 18,817,799</u> |
| District's Covered-Employee Payroll | <u>\$ 5,944,203</u> | <u>\$ 5,524,907</u> | <u>\$ 5,269,633</u> | <u>\$ 5,076,835</u> |
| District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll | | 0% | 0% | 0% |

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

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

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

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

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

| | <u>ESEA Title I</u> | <u>ESEA Title II A</u> | <u>ESEA Title IV</u> | <u>IDEA Part B, Basic</u> | <u>IDEA Part B, Preschool</u> | <u>ARP IDEA Part B, Basic</u> | <u>ARP IDEA Part B, Preschool</u> | <u>ESSER II CRRSA Consolidated</u> | <u>ESSER CRRSA Learning Acc</u> | <u>ESSER CRRSA Mental Health</u> | <u>Emergency & Capital Needs</u> | <u>Student Activities/ Athletics</u> | <u>Total 2021</u> |
|--|-------------------------|----------------------------|--------------------------|-----------------------------------|---------------------------------------|---------------------------------------|---|--|---|--|--|--|-----------------------|
| REVENUES | | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | | |
| Local | | | | | | | | | | | | \$ 37,460 | \$ 37,460 |
| State | | | | | | | | | | | \$ 14,175 | | 14,175 |
| Federal | \$ 107,568 | \$ 22,689 | \$ 11,635 | \$ 133,512 | \$ 9,074 | \$ 26,655 | \$ 2,273 | \$ 297,845 | \$ 22,518 | \$ 21,198 | - | - | 654,967 |
| Total Revenues | <u>107,568</u> | <u>22,689</u> | <u>11,635</u> | <u>133,512</u> | <u>9,074</u> | <u>26,655</u> | <u>2,273</u> | <u>297,845</u> | <u>22,518</u> | <u>21,198</u> | <u>14,175</u> | <u>37,460</u> | <u>706,602</u> |
| EXPENDITURES | | | | | | | | | | | | | |
| Instruction | | | | | | | | | | | | | |
| Salaries of Teachers | 69,381 | 1,100 | | | | | | | 17,418 | 2,000 | | | 89,899 |
| Other Purchased Services | | | | 133,512 | | 26,655 | | | | | | | 160,167 |
| School Sponsored Cocurricular Activities | | | | | 9,074 | | 2,273 | | | | | 32,997 | 32,997 |
| General Supplies | 6,966 | 275 | - | - | - | - | - | - | - | - | - | - | 18,588 |
| Total Instruction | <u>76,347</u> | <u>1,375</u> | <u>-</u> | <u>133,512</u> | <u>9,074</u> | <u>26,655</u> | <u>2,273</u> | <u>-</u> | <u>17,418</u> | <u>2,000</u> | <u>-</u> | <u>32,997</u> | <u>301,651</u> |
| Support Services | | | | | | | | | | | | | |
| Personnel Services - Employee Benefits | 31,221 | 234 | | | | | | | | | | | 31,455 |
| Purchased Professional/Educational Services | | 7,184 | | | | | | | 5,100 | 19,198 | | | 31,482 |
| Other Purchased Services | | 13,896 | | | | | | | | | | | 13,896 |
| Supplies and Material | - | - | 11,635 | - | - | - | - | - | - | - | - | - | 11,635 |
| Total Support Services | <u>31,221</u> | <u>21,314</u> | <u>11,635</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,100</u> | <u>19,198</u> | <u>-</u> | <u>-</u> | <u>88,468</u> |
| Facilities Acquisition and Construction | | | | | | | | | | | | | |
| Non - Instructional Equipment | - | - | - | - | - | - | - | 297,845 | - | - | 14,175 | - | 312,020 |
| Total Facilities Acq. and Construction | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>297,845</u> | <u>-</u> | <u>-</u> | <u>14,175</u> | <u>-</u> | <u>312,020</u> |
| Total Expenditures | <u>107,568</u> | <u>22,689</u> | <u>11,635</u> | <u>133,512</u> | <u>9,074</u> | <u>26,655</u> | <u>2,273</u> | <u>297,845</u> | <u>22,518</u> | <u>21,198</u> | <u>14,175</u> | <u>32,997</u> | <u>702,139</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - | - | - | - | - | - | - | 4,463 | 4,463 |
| Fund Balance, July 1 | - | - | - | - | - | - | - | - | - | - | - | 88,160 | 88,160 |
| Fund Balance, June 30 | - | - | - | - | - | - | - | - | - | - | - | 92,623 | 92,623 |

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| <u>Project Description</u> | <u>Appropriation</u> | <u>Expenditures to Date</u> | | <u>Balance, June 30, 2022</u> |
|--------------------------------------|----------------------|-----------------------------|---------------------|-----------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | |
| High Mountain School Expansion | \$ 11,987,451 | \$ 11,972,181 | | \$ 15,270 |
| Construction of Memorial School | 18,355,107 | 18,269,773 | \$ 50,161 | 35,173 |
| LED Lighting (ESIP) | <u>232,700</u> | <u>232,700</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 30,575,258</u> | <u>\$ 30,474,654</u> | <u>\$ 50,161</u> | <u>\$ 50,443</u> |
| Appropriation Balance June 30, 2022 | | | | \$ 50,443 |
| Less: Bond Authorizations Not Issued | | | | <u>(283)</u> |
| | | | | |
| Fund Balance, GAAP Basis | | | | <u>\$ 50,160</u> |

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | |
|---|-------------|
| REVENUES AND OTHER FINANCING SOURCES | |
| Interest on Investments | - |
| Total Revenues and Other Financing Sources | - |
| EXPENDITURES AND OTHER FINANCING USES | |
| Construction Costs | - |
| Total Expenditures and Other Financing Uses | - |
| Other Financing Sources (Uses) | |
| Transfers Out | \$ (50,161) |
| Net Changes in Fund Balance | (50,161) |
| Fund Balance, Beginning of Year | 100,321 |
| Fund Balance, End of Year | \$ 50,160 |

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH MOUNTAIN EXPANSION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
CONSTRUCTION OF MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|-----------------------|---------------------|-----------------------|--|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| Bond Proceeds and Transfers | \$ 15,059,472 | | \$ 15,059,472 | \$ 15,059,472 |
| SCC Grant Proceeds | <u>3,295,635</u> | <u>-</u> | <u>3,295,635</u> | <u>3,295,635</u> |
| Total Revenues | <u>18,355,107</u> | <u>-</u> | <u>18,355,107</u> | <u>18,355,107</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | | |
| Construction Costs | 16,627,472 | - | 16,627,472 | 16,712,806 |
| Purchased Professional and Technical Services | <u>1,642,301</u> | <u>-</u> | <u>1,642,301</u> | <u>1,642,301</u> |
| Total Expenditures and Other Financing Uses | <u>18,269,773</u> | <u>-</u> | <u>18,269,773</u> | <u>18,355,107</u> |
| Other Financing Uses | | | | |
| Transfers Out | <u>-</u> | <u>50,161</u> | <u>50,161</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 85,334</u> | <u>\$ -</u> | <u>\$ 35,173</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|----------------------------|------------------|
| Project Number | 3640-060-05-1000 |
| Grant Date | 04/25/2005 |
| Bond Authorization Date | 09/27/2005 |
| Bonds Authorized | \$ 15,059,472 |
| Bonds Issued | 15,059,472 |
| SCC Grant Authorized | 3,295,635 |
| Original Authorized Cost | 18,355,107 |
| Additional Authorized Cost | - |
| Revised Authorized Cost | 18,355,107 |

Percentage Increase Over Original

| | |
|---------------------------------|---------|
| Authorized Cost | 0.00% |
| Percentage Completion | 100.00% |
| Original Target Completion Date | 2008 |
| Revised Target Completion Date | N/A |

ENTERPRISE FUND

**NORTH HALEDON BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**NORTH HALEDON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| <u>Purpose</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance, July 1, 2021</u> | <u>Issued</u> | <u>Matured</u> | <u>Balance, June 30, 2022</u> |
|-------------------------------|----------------------|------------------------|--------------------------|---------------|----------------------|------------------------------|---------------|---------------------|-------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | | |
| Refunding School Bonds - 2015 | 2/5/2015 | \$ 7,240,000 | 2/15/2028 | \$ 1,320,000 | 4.000% | \$ 5,640,000 | | | \$ 5,640,000 |
| | | | 2/15/2029 | 1,380,000 | | | | | |
| | | | 2/15/2030 | 1,440,000 | | | | | |
| | | | 2/15/2031 | 1,500,000 | | | | | |
| | | | | | | | | | |
| Refunding School Bonds - 2014 | 6/25/2014 | 9,595,000 | 2/15/2023 | 1,045,000 | 4.000% | 6,725,000 | - | \$ 1,000,000 | 5,725,000 |
| | | | 2/15/2024 | 1,095,000 | | | | | |
| | | | 2/15/2025 | 1,145,000 | | | | | |
| | | | 2/15/2026 | 1,195,000 | | | | | |
| | | | 2/15/2027 | 1,245,000 | | | | | |
| | | | | | | | | | |
| | | | | | | <u>\$ 12,365,000</u> | <u>\$ -</u> | <u>\$ 1,000,000</u> | <u>\$ 11,365,000</u> |

NORTH HALEDON BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL FINANCING AGREEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| <u>Issue</u> | <u>Interest Rate</u> | <u>Amount of Original Issue</u> | <u>Balance, July 1, 2021</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance, June 30, 2022</u> |
|--------------------------------------|--------------------------|---|----------------------------------|------------------|------------------|-----------------------------------|
| Capital Financing Agreements: | | | | | | |
| Copiers | | \$ 13,520 | | \$ 13,520 | \$ 777 | \$ 12,743 |
| ESIP - LED Project | 2.930% | 232,700 | <u>\$ 156,276</u> | <u>-</u> | <u>37,397</u> | <u>118,879</u> |
| | | | <u>\$ 156,276</u> | <u>\$ 13,520</u> | <u>\$ 38,174</u> | <u>\$ 131,622</u> |

**NORTH HALEDON BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| REVENUES | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Local Sources | | | | | |
| Local Tax Levy | \$ 1,444,439 | - | \$ 1,444,439 | \$ 1,444,439 | - |
| Total Revenues | <u>1,444,439</u> | <u>-</u> | <u>1,444,439</u> | <u>1,444,439</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Regular Debt Service | | | | | |
| Redemption of Principal | 1,000,000 | - | 1,000,000 | 1,000,000 | |
| Interest | 494,600 | - | 494,600 | 494,600 | - |
| Total Expenditures | <u>1,494,600</u> | <u>-</u> | <u>1,494,600</u> | <u>1,494,600</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (50,161) | - | (50,161) | (50,161) | - |
| Other Financing Sources | | | | | |
| Operating Transfers In | - | - | - | 50,161 | \$ 50,161 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures | (50,161) | - | (50,161) | - | 50,161 |
| Fund Balance, Beginning of Year | - | - | - | - | - |
| Fund Balance, End of Year | <u>\$ (50,161)</u> | <u>\$ -</u> | <u>\$ (50,161)</u> | <u>\$ -</u> | <u>\$ 50,161</u> |

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

| | 2013 | 2014 (1) (Restated) | 2015 | 2016 | Fiscal Year Ended June 30, 2017 | | 2018 | 2019 | 2020 (2) (Restated) | 2021 | 2022 |
|--|---------------------|------------------------|---------------------|---------------------|------------------------------------|-------------------|-------------------|---------------------|------------------------|---------------------|------|
| Governmental Activities | | | | | | | | | | | |
| Invested In Capital Assets, Net Of Related Debt | \$ 7,113,412 | \$ 6,992,009 | \$ 1,806,033 | \$ 1,490,238 | \$ 1,515,144 | \$ 1,581,380 | \$ 1,679,717 | \$ 2,394,054 | \$ 2,690,535 | \$ 2,953,276 | |
| Restricted | 125,103 | 125,103 | 86,708 | 225,362 | 127,029 | 127,029 | 359,729 | 385,487 | 589,610 | 734,255 | |
| Unrestricted | 347,474 | (1,479,309) | (2,354,521) | (2,168,664) | (1,780,508) | (1,318,670) | (1,473,684) | (1,391,986) | (968,250) | (627,467) | |
| Total Governmental Activities Net Position | <u>\$ 7,585,989</u> | <u>\$ 5,637,803</u> | <u>\$ (461,780)</u> | <u>\$ (453,064)</u> | <u>\$ (138,335)</u> | <u>\$ 389,739</u> | <u>\$ 565,762</u> | <u>\$ 1,387,555</u> | <u>\$ 2,311,895</u> | <u>\$ 3,060,064</u> | |
| Business-Type Activities | | | | | | | | | | | |
| Invested In Capital Assets, Net Of Related Debt | \$ 45,775 | \$ 34,650 | \$ 23,610 | \$ 19,192 | \$ 24,339 | \$ 19,125 | \$ 17,575 | \$ 40,727 | \$ 46,773 | \$ 40,923 | |
| Restricted | | | | | | | | | | | |
| Unrestricted | 12,120 | (12,429) | (15,746) | 9,733 | 22,504 | 32,078 | 39,444 | 41,251 | 28,552 | 97,628 | |
| Total Business-Type Activities Net Position | <u>\$ 57,895</u> | <u>\$ 22,221</u> | <u>\$ 7,864</u> | <u>\$ 28,925</u> | <u>\$ 46,843</u> | <u>\$ 51,203</u> | <u>\$ 57,019</u> | <u>\$ 81,978</u> | <u>\$ 75,325</u> | <u>\$ 138,551</u> | |
| District-Wide | | | | | | | | | | | |
| Invested In Capital Assets, Net Of Related Debt | \$ 7,159,187 | \$ 7,026,659 | \$ 1,829,643 | \$ 1,509,430 | \$ 1,539,483 | \$ 1,600,505 | \$ 1,697,292 | \$ 2,434,781 | \$ 2,737,308 | \$ 2,994,199 | |
| Restricted | 125,103 | 125,103 | 86,708 | 225,362 | 127,029 | 127,029 | 359,729 | 385,487 | 589,610 | 734,255 | |
| Unrestricted | 359,594 | (1,491,738) | (2,370,267) | (2,158,931) | (1,758,004) | (1,286,592) | (1,434,240) | (1,350,735) | (939,698) | (529,839) | |
| Total District Net Position | <u>\$ 7,643,884</u> | <u>\$ 5,660,024</u> | <u>\$ (453,916)</u> | <u>\$ (424,139)</u> | <u>\$ (91,492)</u> | <u>\$ 440,942</u> | <u>\$ 622,781</u> | <u>\$ 1,469,533</u> | <u>\$ 2,387,220</u> | <u>\$ 3,198,615</u> | |

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

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

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 5,124,145 | \$ 5,103,149 | \$ 5,947,818 | \$ 6,251,472 | \$ 6,890,530 | \$ 7,163,251 | \$ 6,293,078 | \$ 6,070,761 | \$ 6,860,460 | \$ 6,512,807 |
| Special Education | 1,801,800 | 1,979,775 | 2,762,282 | 2,379,668 | 2,448,145 | 2,471,349 | 2,519,192 | 2,455,702 | 2,598,738 | 2,169,627 |
| Other Instruction | 162,896 | 384,414 | 357,066 | 147,609 | 72,109 | 195,722 | 149,740 | 160,088 | 214,464 | 213,315 |
| School Sponsored Activities and Athletics | 29,372 | 65,465 | 86,140 | 109,721 | 28,537 | 30,681 | 33,119 | 25,726 | 30,120 | 78,416 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 1,274,596 | 1,210,025 | 1,480,738 | 1,754,568 | 1,775,496 | 1,891,310 | 2,041,987 | 1,783,244 | 1,903,352 | 1,999,401 |
| School Administrative Services | 463,582 | 570,717 | 489,071 | 467,651 | 602,423 | 446,215 | 447,766 | 430,104 | 552,455 | 515,045 |
| General Administration | 368,848 | 447,396 | 671,055 | 498,885 | 511,588 | 558,540 | 524,587 | 449,524 | 581,275 | 536,730 |
| Plant Operations And Maintenance | 718,069 | 797,401 | 775,744 | 771,483 | 850,927 | 1,001,673 | 1,197,312 | 1,118,383 | 1,212,266 | 1,596,269 |
| Pupil Transportation | 347,326 | 323,829 | 430,908 | 337,598 | 274,565 | 272,675 | 326,112 | 328,060 | 165,074 | 244,928 |
| Other Support Services | 259,826 | 244,249 | 297,211 | 220,779 | 402,233 | 355,354 | 368,691 | 480,571 | 610,737 | 535,498 |
| Interest On Long-Term Debt | 868,789 | 680,565 | 724,825 | 606,967 | 574,656 | 563,550 | 530,735 | 502,475 | 463,691 | 425,510 |
| Arbitrage Rebate | | | | | | | | | | |
| Total Governmental Activities Expenses | <u>11,419,249</u> | <u>11,806,985</u> | <u>14,022,858</u> | <u>13,546,401</u> | <u>14,431,209</u> | <u>14,950,320</u> | <u>14,432,319</u> | <u>13,804,638</u> | <u>15,192,632</u> | <u>14,827,546</u> |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 257,753 | 248,451 | 227,924 | 190,734 | 197,039 | 193,377 | 176,772 | 130,772 | 52,331 | 266,158 |
| Total Business-Type Activities Expense | <u>257,753</u> | <u>248,451</u> | <u>227,924</u> | <u>190,734</u> | <u>197,039</u> | <u>193,377</u> | <u>176,772</u> | <u>130,772</u> | <u>52,331</u> | <u>266,158</u> |
| Total District Expenses | <u>\$ 11,677,002</u> | <u>\$ 12,055,436</u> | <u>\$ 14,250,782</u> | <u>\$ 13,737,135</u> | <u>\$ 14,628,248</u> | <u>\$ 15,143,697</u> | <u>\$ 14,609,091</u> | <u>\$ 13,935,410</u> | <u>\$ 15,244,963</u> | <u>\$ 15,093,704</u> |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges For Services: | | | | | | | | | | |
| School Sponsored Activities and Athletics | | | | | | | | | \$ 1,130 | \$ 37,460 |
| Transportation | \$ 10,490 | \$ 5,440 | \$ 7,930 | | | | | | | |
| Operating Grants And Contributions | 1,594,056 | 1,402,879 | 2,736,150 | 3,109,053 | \$ 4,232,723 | \$ 4,670,359 | \$ 3,637,097 | \$ 3,325,758 | 4,779,265 | 4,014,760 |
| Capital Grants And Contributions | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities Program Revenues | <u>1,604,546</u> | <u>1,408,319</u> | <u>2,744,080</u> | <u>3,109,053</u> | <u>4,232,723</u> | <u>4,670,359</u> | <u>3,637,097</u> | <u>3,325,758</u> | <u>4,780,395</u> | <u>4,052,220</u> |
| Business-Type Activities: | | | | | | | | | | |
| Charges For Services: | | | | | | | | | | |
| Food Service | 149,285 | 139,236 | 134,076 | 134,111 | 147,689 | 132,259 | 123,391 | 105,806 | 1,880 | 23,721 |
| Operating Grants And Contributions | 68,325 | 73,106 | 79,430 | 77,666 | 67,200 | 65,392 | 59,102 | 49,763 | 43,663 | 298,017 |
| Total Business Type Activities Program Revenues | <u>217,610</u> | <u>212,342</u> | <u>213,506</u> | <u>211,777</u> | <u>214,889</u> | <u>197,651</u> | <u>182,493</u> | <u>155,569</u> | <u>45,543</u> | <u>321,738</u> |
| Total District Program Revenues | <u>\$ 1,822,156</u> | <u>\$ 1,620,661</u> | <u>\$ 2,957,586</u> | <u>\$ 3,320,830</u> | <u>\$ 4,447,612</u> | <u>\$ 4,868,010</u> | <u>\$ 3,819,590</u> | <u>\$ 3,481,327</u> | <u>\$ 4,825,938</u> | <u>\$ 4,373,958</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (9,814,703) | \$ (10,398,666) | \$ (11,278,778) | \$ (10,437,348) | \$ (10,198,486) | \$ (10,279,961) | \$ (10,795,222) | \$ (10,478,880) | \$ (10,412,237) | \$ (10,775,326) |
| Business-Type Activities | (40,143) | (36,109) | (14,418) | 21,043 | 17,850 | 4,274 | 5,721 | 24,797 | (6,788) | 55,580 |
| Total District-Wide Net Expense | <u>\$ (9,854,846)</u> | <u>\$ (10,434,775)</u> | <u>\$ (11,293,196)</u> | <u>\$ (10,416,305)</u> | <u>\$ (10,180,636)</u> | <u>\$ (10,275,687)</u> | <u>\$ (10,789,501)</u> | <u>\$ (10,454,083)</u> | <u>\$ (10,419,025)</u> | <u>\$ (10,719,746)</u> |

NORTH HALEDON 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 |
| General Revenues And Other Changes In Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied For General Purposes, Net | \$ 8,154,441 | \$ 8,480,231 | \$ 8,658,921 | \$ 8,832,095 | \$ 9,058,058 | \$ 9,239,219 | \$ 9,424,003 | \$ 9,612,483 | \$ 9,804,733 | \$ 10,000,828 |
| Taxes Levied For Debt Service | 1,564,706 | 1,565,594 | 1,570,206 | 1,471,487 | 1,377,527 | 1,452,400 | 1,479,800 | 1,489,800 | 1,493,000 | 1,444,439 |
| Unrestricted Grants And Contributions | 11,309 | 43,906 | 60,643 | 38,865 | 43,791 | 45,818 | 3,640 | | - | - |
| Investment Earnings | 3,073 | 2,590 | 1,500 | 1,321 | 3,061 | 3,161 | 3,462 | 4,483 | 5,897 | 5,001 |
| Miscellaneous Income | 157,091 | 38,011 | 39,828 | 102,296 | 30,778 | 67,437 | 60,340 | 85,449 | 32,947 | 73,227 |
| Transfers | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities | 9,890,620 | 10,130,332 | 10,331,098 | 10,446,064 | 10,513,215 | 10,808,035 | 10,971,245 | 11,192,215 | 11,336,577 | 11,523,495 |
| Business-Type Activities: | | | | | | | | | | |
| Investment Earnings | 98 | 435 | 61 | 18 | 68 | 86 | 95 | 162 | 135 | 176 |
| Miscellaneous Income | | | | | | | | | | 7,470 |
| Transfers | - | - | - | - | - | - | - | - | - | - |
| Total Business-Type Activities | 98 | 435 | 61 | 18 | 68 | 86 | 95 | 162 | 135 | 7,646 |
| Total District-Wide | \$ 9,890,718 | \$ 10,130,767 | \$ 10,331,159 | \$ 10,446,082 | \$ 10,513,283 | \$ 10,808,121 | \$ 10,971,340 | \$ 11,192,377 | \$ 11,336,712 | \$ 11,531,141 |
| Change In Net Position | | | | | | | | | | |
| Governmental Activities | \$ 75,917 | \$ (268,334) | \$ (947,680) | \$ 8,716 | \$ 314,729 | \$ 528,074 | \$ 176,023 | \$ 713,335 | \$ 924,340 | \$ 748,169 |
| Business-Type Activities | (40,045) | (35,674) | (14,357) | 21,061 | 17,918 | 4,360 | 5,816 | 24,959 | (6,653) | 63,226 |
| Total District | \$ 35,872 | \$ (304,008) | \$ (962,037) | \$ 29,777 | \$ 332,647 | \$ 532,434 | \$ 181,839 | \$ 738,294 | \$ 917,687 | \$ 811,395 |

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>Fiscal Year Ended June 30,</u> | | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|------------------------------------|-------------------|-------------------|--------------------|-------------------|-----------------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| | | | | | <u>2017</u> | <u>2018</u> | | | | |
| General Fund | | | | | | | | | | |
| Restricted | \$ 452,375 | \$ 440,519 | \$ 131,196 | \$ 56,708 | \$ 250,297 | \$ 615,226 | \$ 546,854 | \$ 624,102 | \$ 808,053 | \$ 938,463 |
| Committed | - | - | | | | | | | | |
| Assigned | 195,679 | 186,297 | 9,748 | 33,562 | 271,843 | 198,274 | 117,541 | 70,965 | 54,126 | 155,760 |
| Unassigned | 233,038 | 238,874 | | 151,063 | 227,728 | 187,485 | 187,580 | 157,702 | 341,853 | 351,285 |
| Total General Fund | <u>\$ 881,092</u> | <u>\$ 865,690</u> | <u>\$ (56,264)</u> | <u>\$ 241,333</u> | <u>\$ 749,868</u> | <u>\$ 1,000,985</u> | <u>\$ 851,975</u> | <u>\$ 852,769</u> | <u>\$ 1,204,032</u> | <u>\$ 1,445,508</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | \$ 100,321 | \$ 100,321 | \$ 168,744 | \$ 168,654 | \$ 100,321 | \$ 100,321 | \$ 100,321 | \$ 100,321 | \$ 188,481 | \$ 142,783 |
| Committed | | | | | | | | | | |
| Assigned | | | | | | | 232,700 | | | |
| Unassigned | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Unreserved | | | | | | | | | | |
| Total All Other Governmental Funds | <u>\$ 100,321</u> | <u>\$ 100,321</u> | <u>\$ 168,744</u> | <u>\$ 168,654</u> | <u>\$ 100,321</u> | <u>\$ 100,321</u> | <u>\$ 333,021</u> | <u>\$ 100,321</u> | <u>\$ 188,481</u> | <u>\$ 142,783</u> |

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

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------------|--------------------|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 9,719,147 | \$ 10,045,825 | \$ 10,229,127 | \$ 10,303,582 | \$ 10,435,585 | \$ 10,691,619 | \$ 10,903,803 | \$ 11,102,283 | \$ 11,297,733 | \$ 11,445,267 |
| Tuition Charges | | | | | | | | | | |
| Transportation Charges | 10,490 | 5,440 | 7,930 | | | | | | | |
| Interest Earnings | 3,073 | 2,590 | 1,500 | 1,321 | 3,061 | 3,161 | 3,462 | 4,483 | 5,897 | 5,001 |
| Miscellaneous | 157,091 | 38,011 | 39,828 | 141,154 | 71,015 | 93,413 | 61,941 | 86,893 | 40,291 | 110,687 |
| State Sources | 1,403,634 | 1,273,040 | 1,476,155 | 1,589,505 | 1,939,485 | 1,893,959 | 2,172,801 | 2,395,846 | 2,869,406 | 3,563,527 |
| Federal Sources | 201,731 | 173,745 | 303,698 | 277,215 | 295,132 | 272,160 | 291,063 | 339,287 | 343,833 | 654,967 |
| Total Revenue | 11,495,166 | 11,538,651 | 12,058,238 | 12,312,777 | 12,744,278 | 12,954,312 | 13,433,070 | 13,928,792 | 14,557,160 | 15,779,449 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 4,456,183 | 4,441,761 | 4,536,697 | 4,591,598 | 4,764,148 | 4,862,910 | 4,825,298 | 5,076,283 | 5,161,263 | 5,805,309 |
| Special Education Instruction | 1,800,465 | 1,983,170 | 2,513,597 | 2,153,484 | 2,089,511 | 2,071,969 | 2,334,563 | 2,376,212 | 2,341,250 | 2,279,535 |
| Other Special Instruction | 162,896 | 384,414 | 309,791 | 124,016 | 56,112 | 147,933 | 131,139 | 149,240 | 183,684 | 220,646 |
| School-Sponsored Activities and Athletics | 29,372 | 65,465 | 74,722 | 82,758 | 15,187 | 19,304 | 22,988 | 22,537 | 25,076 | 79,039 |
| Support Services: | | | | | | | | | | |
| Student & Inst. Related Services | 1,251,699 | 1,187,628 | 1,383,590 | 1,550,113 | 1,453,318 | 1,515,301 | 1,845,069 | 1,697,368 | 1,703,841 | 2,039,615 |
| General Administration | 455,498 | 451,622 | 545,027 | 481,431 | 467,106 | 436,067 | 454,260 | 437,104 | 538,588 | 530,232 |
| School Administrative Services | 356,796 | 418,161 | 477,019 | 449,408 | 468,894 | 430,954 | 459,696 | 431,103 | 516,433 | 565,183 |
| Administration Information Technology | - | - | - | - | 75,954 | 78,229 | 79,800 | 84,161 | 120,000 | 123,565 |
| Plant Operations And Maintenance | 693,549 | 751,609 | 751,224 | 753,982 | 817,465 | 967,953 | 1,176,657 | 1,119,921 | 1,189,027 | 1,591,204 |
| Pupil Transportation | 343,889 | 320,392 | 427,471 | 335,589 | 268,323 | 272,675 | 326,112 | 328,060 | 165,074 | 244,928 |
| Other Support Services | 259,826 | 240,237 | 297,211 | 217,222 | 293,073 | 277,294 | 301,237 | 423,686 | 489,977 | 445,944 |
| Capital Outlay | 100,000 | - | 39,545 | | 29,943 | 47,509 | 22,764 | 414,769 | 188,412 | 134,370 |
| Debt Service: | | | | | | | | | | |
| Principal | 685,000 | 765,000 | 914,330 | 835,248 | 838,615 | 925,218 | 988,656 | 1,020,439 | 1,064,918 | 1,038,174 |
| Interest And Other Charges | 879,706 | 850,594 | 641,545 | 690,421 | 666,427 | 649,879 | 613,841 | 579,815 | 538,652 | 499,447 |
| Bond Issuance Cost | | 111,011 | 114,092 | | | | | | | |
| Total Expenditures | 11,474,879 | 11,971,064 | 13,025,861 | 12,265,270 | 12,304,076 | 12,703,195 | 13,582,080 | 14,160,698 | 14,226,195 | 15,597,191 |
| Excess (Deficiency) Of Revenues | | | | | | | | | | |
| Over (Under) Expenditures | 20,287 | (432,413) | (967,623) | 47,507 | 440,202 | 251,117 | (149,010) | (231,906) | 330,965 | 182,258 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers In | - | - | | | 90 | | | 66 | - | 50,161 |
| Transfers Out | - | - | | | (90) | | | (66) | - | (50,161) |
| Payments to Refunding Escrow Agent | | (10,664,017) | (7,881,087) | | | | | | | |
| Refunding Bonds Proceeds | | 9,595,000 | 7,240,000 | | | | | | | |
| Premium on Issuance of Refunding Bond | | 1,180,028 | 755,179 | | | | | | | |
| Sale and Lease-back Contract Proceeds | | | | 250,000 | | | 232,700 | | | |
| Capital Leases (Non-Budgeted) | | 306,000 | | | | | | | | 13,520 |
| Total Other Financing Sources (Uses) | - | 417,011 | 114,092 | 250,000 | - | - | 232,700 | - | - | 13,520 |
| Net Change In Fund Balances | \$ 20,287 | \$ (15,402) | \$ (853,531) | \$ 297,507 | \$ 440,202 | \$ 251,117 | \$ 83,690 | \$ (231,906) | \$ 330,965 | \$ 195,778 |
| Debt Service As A Percentage Of | | | | | | | | | | |
| Noncapital Expenditures | 15.95% | 15.60% | 13.61% | 14.21% | 13.98% | 14.21% | 13.40% | 13.18% | 12.90% | 11.04% |

* Noncapital expenditures are total expenditures less capital outlay.

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

| Fiscal Year Ended June 30, | <u>Rental</u> | <u>Transportation</u> | <u>Interest on Invest.</u> | <u>Refunds/ Settlements</u> | <u>Misc.</u> | <u>Total</u> |
|----------------------------------|---------------|-----------------------|--------------------------------|---------------------------------|--------------|--------------|
| 2013 | | \$ 10,490 | \$ 3,073 | \$ 125,087 | \$ 32,004 | \$ 170,654 |
| 2014 | | 5,440 | 2,590 | | 38,011 | 46,041 |
| 2015 | | 7,930 | 1,500 | | 39,828 | 49,258 |
| 2016 | | | 1,321 | 38,154 | 64,142 | 103,617 |
| 2017 | | | 3,061 | 9,650 | 21,128 | 33,839 |
| 2018 | | | 3,161 | 20,852 | 46,585 | 70,598 |
| 2019 | | | 3,436 | 28,607 | 6,713 | 38,756 |
| 2020 | \$ 33,249 | | 4,417 | | 52,200 | 89,866 |
| 2021 | - | | 5,897 | - | 32,947 | 38,844 |
| 2022 | 10,193 | | 5,001 | - | 63,034 | 78,228 |

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

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate ^a |
|----------------------------|-------------|---------------|-----------|--------|------------|------------|-----------|----------------------|------------------|-----------------------|---|---|
| 2013 | 8,667,100 | 1,106,157,600 | 571,100 | 11,100 | 58,854,400 | 6,189,100 | N/A | 1,180,450,400 | 889 | 1,180,451,289 | 1,282,934,216 | 0.85 |
| 2014 | 8,934,100 | 1,106,531,400 | 571,100 | 11,100 | 58,585,000 | 6,049,600 | N/A | 1,180,682,300 | 915 | 1,180,683,215 | 1,335,237,800 | 0.87 |
| 2015 | 8,902,400 | 1,108,014,700 | 571,100 | 11,100 | 58,167,300 | 5,268,600 | N/A | 1,180,935,200 | 908 | 1,180,936,108 | 1,302,643,635 | 0.87 |
| 2016 | 8,732,800 | 1,108,926,300 | 571,100 | 11,100 | 58,167,300 | 5,268,600 | N/A | 1,181,677,200 | 913 | 1,181,678,113 | 1,296,451,026 | 0.88 |
| 2017 | 9,719,200 | 1,109,088,800 | 571,100 | 11,100 | 56,562,300 | 4,584,600 | N/A | 1,180,537,100 | 899 | 1,180,537,999 | 1,315,477,970 | 0.91 |
| 2018 | 9,117,000 | 1,112,084,200 | 571,100 | 11,100 | 56,562,300 | 4,584,600 | N/A | 1,182,930,300 | 880 | 1,182,931,180 | 1,345,819,792 | 0.92 |
| 2019 | 8,618,500 | 1,112,245,300 | 571,100 | 11,100 | 58,875,300 | 4,584,600 | N/A | 1,184,905,900 | 862 | 1,184,906,762 | 1,376,047,491 | 0.94 |
| 2020 | 8,256,500 | 1,114,039,100 | 571,100 | 11,100 | 59,161,500 | 4,584,600 | N/A | 1,186,623,900 | 848 | 1,186,624,748 | 1,400,795,085 | 0.95 |
| 2021 | 7,690,600 | 1,116,728,700 | 571,100 | 11,250 | 59,054,000 | 4,584,600 | N/A | 1,188,640,250 | 847 | 1,188,641,097 | 1,409,458,855 | 0.96 |
| 2022 | 7,907,400 | 1,117,936,600 | 571,100 | 11,250 | 59,510,800 | 4,557,300 | N/A | 1,190,494,450 | 822 | 1,190,495,272 | 1,454,192,188 | 0.96 |

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

| <u>Calendar Year</u> | <u>North Haledon School District</u> | <u>Manchester School District</u> | <u>North Haledon Borough</u> | <u>Passaic County</u> | <u>Total</u> |
|--------------------------|--|---------------------------------------|----------------------------------|---------------------------|--------------|
| 2013 | 0.85 | 0.31 | 0.81 | 0.76 | 2.73 |
| 2014 | 0.87 | 0.26 | 0.82 | 0.77 | 2.72 |
| 2015 | 0.87 | 0.22 | 0.85 | 0.84 | 2.78 |
| 2016 | 0.88 | 0.20 | 0.92 | 0.82 | 2.82 |
| 2017 | 0.91 | 0.22 | 0.90 | 0.82 | 2.85 |
| 2018 | 0.92 | 0.20 | 0.90 | 0.84 | 2.86 |
| 2019 | 0.94 | 0.20 | 0.88 | 0.81 | 2.83 |
| 2020 | 0.95 | 0.20 | 0.94 | 0.80 | 2.89 |
| 2021 | 0.96 | 0.19 | 0.97 | 0.78 | 2.90 |
| 2022 | 0.98 | 0.20 | 0.99 | 0.77 | 2.94 |

Source: Tax Duplicate

* The Borough undertook a revaluation.

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

| Taxpayer | 2022 | |
|---------------------------------------|------------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value |
| High Mt. Rty, LLC c/o Kennedy Constr. | \$ 7,840,000 | 0.66% |
| 535 High Mountain Assoc. LLC | 4,202,800 | 0.35% |
| 1243 Belmont Ave Corp. | 4,013,100 | 0.34% |
| Sicomac Rlty LLC & Rosehall Rlty, LLC | 3,800,000 | 0.32% |
| High Mountain Realty Group, LLC | 3,400,000 | 0.29% |
| 920 Belmont Acquisition, LLC | 3,005,400 | 0.25% |
| NJTT Realty, LLC | 2,548,100 | 0.21% |
| Hofer Heights, LLC | 2,359,000 | 0.20% |
| 895 Belmont Ave LLC | 2,349,000 | 0.20% |
| Gene Bear Properties, LLC | 2,255,100 | 0.19% |
| | <u>\$ 35,772,500</u> | <u>3.00%</u> |

| Taxpayer | 2013 | |
|--|------------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value |
| High Mountain Realty/Kennedy | \$ 7,840,000 | 0.66% |
| Sicomac Realty LLC & Rosehall Rlty LLC | 4,579,000 | 0.39% |
| 535 Associates, LLC | 4,388,300 | 0.37% |
| 1243 Belmont Ave. Corp. | 4,013,100 | 0.34% |
| High Mountain Realty Group, LLC | 3,674,000 | 0.31% |
| Rainmaker Capital of No. Haledon, LLC | 3,153,900 | 0.27% |
| Tannis, William Sr. | 3,031,100 | 0.26% |
| Hofer Heights, LLC | 2,839,100 | 0.24% |
| NJTT Realty, LLC | 2,302,400 | 0.19% |
| Overlook Properties LLC | 2,143,500 | 0.18% |
| | <u>\$ 37,964,400</u> | <u>3.21%</u> |

Source - Municipal Tax Assessor

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

| Fiscal Year Ended June 30, | School Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years |
|-------------------------------------|---|---|-----------------------|---------------------------------------|
| | | Amount | Percentage of Levy | |
| 2013 | \$ 9,719,147 | \$ 9,719,147 | 100.00% | |
| 2014 | 10,045,825 | 9,339,139 | 92.96% | 706,686 |
| 2015 | 10,229,127 | 10,229,127 | 100.00% | |
| 2016 | 10,303,582 | 10,303,582 | 100.00% | |
| 2017 | 10,435,585 | 10,435,585 | 100.00% | |
| 2018 | 10,691,619 | 10,691,619 | 100.00% | |
| 2019 | 10,903,803 | 10,903,803 | 100.00% | |
| 2020 | 11,102,283 | 11,102,283 | 100.00% | |
| 2021 | 11,297,793 | 11,297,793 | 100.00% | |
| 2022 | 11,445,267 | 11,445,267 | 100.00% | |

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

| Fiscal Year Ended June 30, | Governmental Activities | | | | | Business-Type Activities | | Total District | Population | Per Capita |
|-------------------------------------|-----------------------------|-------------------------------------|-------------------------|-------------------------------------|--------------------------------------|-----------------------------|---------------|----------------|------------|------------|
| | General Obligation Bonds | Certificates of Participation | Financing Agreements | Sale and Lease-back Contracts | Bond Anticipation Notes (BANs) | Capital Leases | | | | |
| 2013 | \$ 19,665,000 | N/A | N/A | N/A | N/A | N/A | \$ 19,665,000 | 8,473 | \$ 2,321 | |
| 2014 | 18,695,000 | N/A | \$ 256,000 | N/A | N/A | N/A | 18,951,000 | 8,448 | 2,243 | |
| 2015 | 17,505,000 | N/A | 206,670 | N/A | N/A | N/A | 17,711,670 | 8,452 | 2,096 | |
| 2016 | 16,720,000 | N/A | 156,422 | \$ 250,000 | N/A | N/A | 17,126,422 | 8,463 | 2,024 | |
| 2017 | 15,935,000 | N/A | 105,239 | \$ 247,568 | N/A | N/A | 16,287,807 | 8,469 | 1,923 | |
| 2018 | 15,120,000 | N/A | 53,104 | 189,485 | N/A | N/A | 15,362,589 | 8,417 | 1,825 | |
| 2019 | 14,245,000 | N/A | 232,700 | 128,933 | N/A | N/A | 14,606,633 | 8,396 | 1,740 | |
| 2020 | 13,325,000 | N/A | 195,386 | 65,808 | N/A | N/A | 13,586,194 | 8,362 | 1,625 | |
| 2021 | 12,365,000 | N/A | 156,276 | - | N/A | N/A | 12,521,276 | 8,866 | 1,412 | |
| 2022 | 11,365,000 | N/A | 131,622 | - | N/A | N/A | 11,496,622 | 8,866 * | 1,297 | |

Source: District records

* Estimate

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

| General Bonded Debt Outstanding | | | | | |
|-------------------------------------|-----------------------------|------------|--|--|-------------------------|
| Fiscal Year Ended June 30, | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
| 2013 | \$ 19,665,000 | | \$ 19,665,000 | 1.67% | \$ 2,243 |
| 2014 | 18,695,000 | | 18,695,000 | 1.58% | 2,096 |
| 2015 | 17,505,000 | | 17,505,000 | 1.48% | 2,024 |
| 2016 | 16,720,000 | | 16,720,000 | 1.42% | 1,923 |
| 2017 | 15,935,000 | | 15,935,000 | 1.35% | 1,825 |
| 2018 | 14,245,000 | | 14,245,000 | 1.20% | 1,740 |
| 2019 | 14,245,000 | | 14,245,000 | 1.20% | 1,625 |
| 2020 | 13,325,000 | | 13,325,000 | 1.12% | 1,412 |
| 2021 | 12,365,000 | | 12,365,000 | 1.04% | 1,412 |
| 2022 | 11,365,000 | | 11,365,000 | 0.95% | 1,297 |

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**NORTH HALEDON BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--|-----------------------|----------------------|--------------------------|
| Municipal Debt: | | | |
| Borough of North Haledon | \$ 15,799,187 | \$ 405,450 | \$ 15,393,737 |
| North Haledon Board of Education | <u>12,365,000</u> | <u>12,365,000</u> | <u>-</u> |
| | <u>\$ 28,164,187</u> | <u>\$ 12,770,450</u> | <u>\$ 15,393,737</u> |
| Net Overlapping Debt of School District: | | | |
| County of Passaic | | 13,593,088 | |
| PCUA | | 1,103,409 | |
| PVSC | | <u>1,218,645</u> | |
| | | | <u>15,915,142</u> |
| Total Direct and Overlapping Bonded Debt as of December 31, 2021 | | | <u>\$ 31,308,879</u> |

Source: 2020 Debt Statement, Borough of North Haledon

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

Legal Debt Margin Calculation for Fiscal Year 2022

Equalized Valuation Basis

| | | |
|---|------|-------------------------|
| | 2021 | \$ 1,446,210,305 |
| | 2020 | 1,400,972,727 |
| | 2019 | <u>1,397,129,938</u> |
| | | <u>\$ 4,244,312,970</u> |
| Average equalized valuation of taxable property | | \$ 1,414,770,990 |
| Debt limit (3 % of average equalization value) | | 42,443,130 |
| Total Net Debt Applicable to Limit | | <u>11,365,000</u> |
| Legal debt margin | | <u>\$ 31,078,130</u> |

Fiscal Year

| | <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 | \$ 41,284,805 | \$ 41,020,694 | \$ 39,202,703 | \$ 38,846,022 | \$ 39,099,410 | \$ 39,507,198 | \$ 40,288,358 | \$ 41,107,991 | \$ 41,702,524 | \$ 42,443,130 |
| Total net debt applicable to limit | <u>19,665,283</u> | <u>18,695,000</u> | <u>17,505,283</u> | <u>16,720,000</u> | <u>15,935,000</u> | <u>15,120,000</u> | <u>14,245,000</u> | <u>13,325,283</u> | <u>12,365,283</u> | <u>11,365,000</u> |
| Legal debt margin | <u>\$ 21,619,522</u> | <u>\$ 22,325,694</u> | <u>\$ 21,697,420</u> | <u>\$ 22,126,022</u> | <u>\$ 23,164,410</u> | <u>\$ 24,387,198</u> | <u>\$ 26,043,358</u> | <u>\$ 27,782,708</u> | <u>\$ 29,337,241</u> | <u>\$ 31,078,130</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 47.6% | 45.6% | 44.7% | 43.0% | 40.8% | 38.3% | 35.4% | 32.4% | 29.7% | 26.8% |

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

| Year | Population | County Per Capita Personal Income | Unemployment Rate |
|------|------------|---|----------------------|
| 2013 | 8,473 | \$ 42,537 | 9.5% |
| 2014 | 8,448 | 44,908 | 5.7% |
| 2015 | 8,452 | 46,045 | 4.6% |
| 2016 | 8,463 | 46,617 | 4.2% |
| 2017 | 8,469 | 47,191 | 4.2% |
| 2018 | 8,417 | 49,167 | 3.5% |
| 2019 | 8,396 | 51,203 | 3.0% |
| 2020 | 8,362 | 55,775 | 9.4% |
| 2021 | 8,866 | N/A | 6.4% |
| 2022 | 8,866 | * N/A | N/A |

Source: New Jersey State Department of Education

* Estimate

N/A Information Not Available

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

PRIOR YEAR INFORMATION NOT AVAILABLE

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

| | <u>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 | 46 | 47.5 | 46.0 | 51.0 | 40.7 | 42.3 | 40.6 | 41.6 | 41.6 | 43.1 |
| Special Education | 15.3 | 15.8 | 13.2 | 16.0 | 15.2 | 13.8 | 16.5 | 15.0 | 15.6 | 15.1 |
| Other Special Education | 7.5 | 7.48 | 19.00 | 15.0 | 8.5 | 7.9 | 7.9 | 9.1 | 12.7 | 12.7 |
| Vocational | | | | | | | | | | |
| Other Instruction | | | | | | | | | | |
| Non Public School Program | | | | | | | | | | |
| Adult/Continuing Education | | | | | | | | | | |
| Support Services | | | | | | | | | | |
| Student & Instruction Related | 4 | 4 | 8 | 7.0 | 8.9 | 15.4 | 15.9 | 15.4 | 11.9 | 9.4 |
| General Administration | 2 | 2.0 | 2 | 2.0 | 2.3 | 2.5 | 2.5 | 1.5 | 1.5 | 1.5 |
| School Administrative Services | 3 | 4.00 | 6 | 5.0 | 3.8 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| Other Administrative Services | | | | | | | | | - | - |
| Central Services | 2 | 2 | 2 | 2.0 | 2.0 | 2.5 | 2.5 | 3.0 | 3.0 | 3.0 |
| Administrative Technology | | | | | | | | | - | - |
| Plant & Operation Maintenance | 6.1 | 6.1 | 6.0 | 6.7 | 5.7 | 8.5 | 1.8 | 1.0 | 1.0 | 1.0 |
| Other Support Services | 3 | 3 | 5 | 4.0 | 0.8 | - | - | - | - | 0.8 |
| Transportation | 1 | 1.4 | 1.4 | 0.3 | 1.3 | - | - | - | - | - |
| Total | <u>90.13</u> | <u>93.28</u> | <u>108.30</u> | <u>109.00</u> | <u>89.03</u> | <u>96.36</u> | <u>91.15</u> | <u>90.14</u> | <u>90.79</u> | <u>90.12</u> |

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

Pupil/Teacher Ratio

| Fiscal Year | Enrollment ^a | Operating Expenditures ^b | Cost Per Pupil ^c | Percentage Change | Teaching Staff | Elementary | Middle School | Senior High School | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|----------------|------------|---------------|--------------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| 2012 | 714.0 | 9,258,036 | 12,966 | -1.61% | 65.0 | 11 | 11 | N/A | 702.2 | 677.8 | 0.03% | 96.53% |
| 2013 | 738.0 | 9,810,173 | 13,293 | 2.52% | 64.0 | 11.5 | 11.5 | N/A | 635.1 | 608.5 | -9.55% | 95.81% |
| 2014 | 720.0 | 10,244,459 | 14,228 | 7.04% | N/A | N/A | N/A | N/A | 600.3 | 625.2 | -5.49% | 104.15% |
| 2015 | 706.0 | 11,316,349 | 16,029 | 12.65% | 64.0 | 11.03 | 11.03 | N/A | 675.7 | 706.0 | 12.57% | 104.48% |
| 2016 | 702.0 | 10,739,601 | 15,299 | -4.56% | 67.0 | 10.5 | 10.5 | N/A | 678.0 | 650.0 | 0.34% | 95.87% |
| 2017 | 654.0 | 10,739,601 | 16,421 | 7.34% | 55.9 | 11.71 | 11.71 | N/A | 638.8 | 613.3 | -5.78% | 96.01% |
| 2018 | 655.0 | 10,024,227 | 15,304 | -6.80% | 56.1 | 16:12 | 16:12 | N/A | 658.7 | 633.1 | 3.12% | 96.11% |
| 2019 | 628.0 | 10,126,352 | 16,125 | 5.36% | 57.1 | 11.00 | 11.00 | N/A | 608.8 | 583.7 | -7.58% | 95.89% |
| 2020 | 624.0 | 10,796,539 | 17,302 | 7.30% | 57.5 | 11.27 | 10.11 | N/A | 623.2 | 605.9 | 2.37% | 97.22% |
| 2021 | 598.0 | 10,379,172 | 17,356 | 0.31% | 57.2 | 11.01 | 9.67 | N/A | 591.0 | 582.0 | -5.17% | 98.48% |
| 2022 | 578.0 | 11,127,723 | 19,252 | 10.92% | 58.9 | 10.92 | 8.91 | N/A | 583.4 | 553.3 | -1.28% | 94.83% |

Sources: District records

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

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>District Building</u> | | | | | | | | | | |
| <u>High Mountain Middle School</u> | | | | | | | | | | |
| Square Feet | 61,025 | 61,025 | 61,025 | 61,025 | 61,025 | 61,025 | 61,025 | 61,025 | 61,025 | 61,025 |
| Capacity (students) | 369 | 369 | 369 | 369 | 369 | 369 | 369 | 369 | 369 | 369 |
| Enrollment | 393 | 393 | 292 | 291 | 268 | 284 | 266 | 282 | 264 | 265 |
| <u>Memorial Elementary School</u> | | | | | | | | | | |
| Square Feet | 60,480 | 60,480 | 60,480 | 60,480 | 60,480 | 60,480 | 60,480 | 60,480 | 60,480 | 60,480 |
| Capacity (students) | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 |
| Enrollment | 345 | 345 | 414 | 389 | 372 | 362 | 362 | 341 | 327 | 318 |

Number of Schools at June 30, 2022
Elementary = 2

Source: District Records

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

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

| | | <u>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> |
|----------------------|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| School Facilities | Project #(s) | | | | | | | | | | |
| High Mountain School | N/A | \$ 66,833 | \$ 62,915 | \$ 57,918 | \$ 52,602 | \$ 51,556 | \$ 96,593 | \$ 194,653 | \$ 176,020 | \$ 164,829 | \$ 181,750 |
| Memorial School | N/A | <u>64,368</u> | <u>62,364</u> | <u>57,401</u> | <u>52,132</u> | <u>61,304</u> | <u>87,290</u> | <u>115,795</u> | <u>113,853</u> | <u>136,613</u> | <u>167,953</u> |
| Total Facilities | | <u>131,201</u> | <u>125,279</u> | <u>115,319</u> | <u>104,734</u> | <u>112,860</u> | <u>183,883</u> | <u>310,448</u> | <u>289,872</u> | <u>301,442</u> | <u>349,703</u> |
| Grand Total | | <u>\$ 131,201</u> | <u>\$ 125,279</u> | <u>\$ 115,319</u> | <u>\$ 104,734</u> | <u>\$ 112,860</u> | <u>\$ 183,883</u> | <u>\$ 310,448</u> | <u>\$ 289,872</u> | <u>\$ 301,442</u> | <u>\$ 349,703</u> |

Source: District Records

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

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-----------------|-------------------|
| School Package Policy - New Jersey Schools Insurance Group | | |
| Property - Blanket Building & Contents | \$500,000,000 | \$5,000 |
| Comprehensive General Liability | 11,000,000 | - |
| Comprehensive Automobile Liability | 11,000,000 | - |
| Boiler and Machinery | 100,000,000 | 5,000 |
| School Board Legal Liability - New Jersey Schools Insurance Group | | |
| Limit of Liability | 11,000,000 | 5,000 |
| Environmental Impairment Liability - Zurich Stedfast Insurance Co. | | |
| Each occurrence | 1,000,000 | 50,000 |
| Aggregate | 11,000,000 | |
| Additional Excess Liability Policy - Tourus/Markel | | |
| Aggregate | 30,000,000 | |
| Student Accident Policy - Berkley Life & Health Insurance Co. | | |
| Maximum Benefit | 7,500,000 | |
| Full Exceed 10 year benefit period | | |
| Public Employees' Faithful Performance Blanket | | |
| Position Bond - New Jersey Schools Insurance Group | 500,000 | 1,000 |
| Surety Bond - Treasurer | 200,000 | |
| Surety Bond - Business Administrator/ Board Secretary | 100,000 | |

Source School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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, 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 Trustees
North Haledon Board of Education
North Haledon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the North Haledon 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 North Haledon Board of Education’s basic financial statements and have issued our report thereon dated January 31, 2023.

Report on Internal Control Over Financial Reporting

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

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

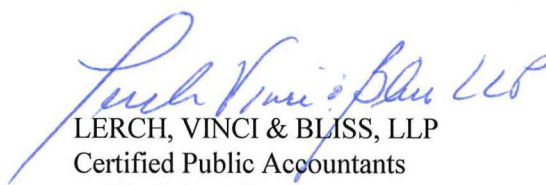
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

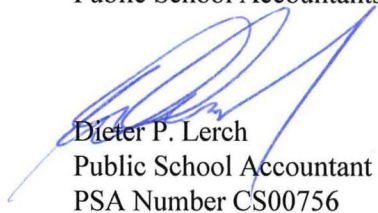
As part of obtaining reasonable assurance about whether the North Haledon Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Purpose of this Report

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



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 31, 2023



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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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DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA

**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
North Haledon Board of Education
North Haledon, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the North Haledon 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 North Haledon Board of Education’s major federal and state programs for the fiscal year ended June 30, 2022. The North Haledon 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 North Haledon 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 North Haledon 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 North Haledon 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 North Haledon 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 North Haledon 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 North Haledon 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 North Haledon 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 North Haledon 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 North Haledon 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.

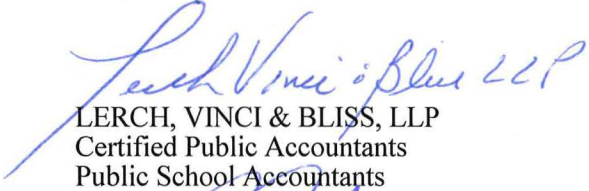
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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.

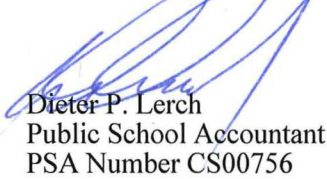
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable 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, and each major fund, of the North Haledon 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 31, 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
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 31, 2023

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022**

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | FAIN Number | Grant or State Project Number | Grant Period | Award Amount | Balance, July 1, 2021 | Deferred Revenue Carryover Amount | (Accounts Receivable) Carryover Amount | Cash Received | Budgetary Expenditures | Adjustments | Balance, June 30, 2022 | | | GAAP Receivable |
|--|---------------------------|----------------|----------------------------------|-----------------|--------------------|--------------------------|--|---|-------------------|---------------------------|-------------|--------------------------|---------------------|-------------------|---------------------|
| | | | | | | | | | | | | (Accounts Receivable) | Deferred Revenue | Due to Grantor | |
| U.S. Department of Agriculture Passed-Through State Department of Education | | | | | | | | | | | | | | | |
| <i>Enterprise Fund</i> | | | | | | | | | | | | | | | |
| National School Lunch Program | | | | | | | | | | | | | | | |
| Non-Cash Assistance (Food Distribution Program) | 10.555 | 211NJ304N1099 | N/A | 7/1/20-6/30/21 | \$ 5,142 | \$ 2,490 | | | | \$ 2,490 | | | | | |
| Non-Cash Assistance (Food Distribution Program) | 10.555 | 221NJ304N1099 | N/A | 7/1/21-9/30/22 | 19,198 | - | | | \$ 19,198 | 18,993 | | \$ 205 | | | |
| Cash Assistance | 10.555 | 211NJ304N1099 | N/A | 7/1/20-6/30/21 | 26,374 | (5,643) | | | 5,643 | | | | | | |
| Cash Assistance | 10.555 | 221NJ304N1099 | N/A | 7/1/21-9/30/22 | 270,186 | - | | | 249,085 | 270,186 | | \$ (21,101) | | | \$ (21,101) |
| School Breakfast Program | 10.553 | 211NJ304N1099 | N/A | 7/1/20-6/30/21 | 11,899 | (1,108) | | | 1,108 | - | | | | | |
| Total Child Nutrition Cluster/Enterprise Fund | | | | | (4,261) | - | - | - | 275,034 | 291,669 | - | (21,101) | 205 | - | (21,101) |
| U.S. Department of Education Passed-Through State Department of Education | | | | | | | | | | | | | | | |
| <i>Special Revenue Fund</i> | | | | | | | | | | | | | | | |
| LD.E.A. Part B, Basic | 84.027A | H027A190100 | | 7/1/21-9/30/22 | 133,512 | | | | 133,512 | 133,512 | | | | | |
| LD.E.A. Part B, Preschool | 84.173 | H173A200114 | IDEA364020 | 7/1/20-9/30/21 | 8,033 | (233) | | | 233 | - | | | | | |
| LD.E.A. Part B, Preschool | 84.173 | H173A180114 | IDEA364021 | 7/1/21-9/30/22 | 8,083 | - | \$ 1,895 | \$ (1,895) | 8,145 | 9,074 | | (1,833) | 904 | | (929) |
| ARP LD.E.A. Part B, Basic | 84.027X | H027X210100 | | 7/1/21-9/30/22 | 26,655 | | | | 26,655 | 26,655 | | | | | |
| ARP LD.E.A. Part B, Preschool | 84.173X | H173X210114 | | 7/1/21-9/30/22 | 2,273 | | | | - | 2,273 | | (2,273) | | | (2,273) |
| Total Special Education Cluster (IDEA) | | | | | (233) | 1,895 | (1,895) | 168,545 | 171,514 | - | - | (4,106) | 904 | - | (3,202) |
| E.S.E.A. Title I-A | 84.010 | S010A200030 | NCLB364020 | 7/1/20-9/30/21 | 101,658 | (47,312) | | | 47,312 | | | | | | |
| E.S.E.A. Title I-A | 84.010 | S010A190030 | NCLB364021 | 7/1/21-9/30/22 | 107,553 | - | 15 | (15) | 62,471 | 107,568 | | (45,097) | | | (45,097) |
| E.S.E.A. Title II-A | 84.367A | S367A200029 | NCLB364020 | 7/1/20-9/30/21 | 20,912 | (4,490) | | | 4,490 | | | | | | |
| E.S.E.A. Title II-A | 84.367A | S367A190029 | NCLB364021 | 7/1/21-9/30/22 | 8,599 | - | 17,153 | (17,153) | 13,192 | 22,689 | | (12,560) | 3,063 | | (9,497) |
| E.S.E.A. Title IV | 84.424A | S424A190031 | NCLB364021 | 7/1/21-9/30/22 | 5,000 | - | 6,635 | (6,635) | 11,635 | 11,635 | | | | | |
| Total E.S.E.A. | | | | | (51,802) | 23,803 | (23,803) | 139,100 | 141,892 | - | - | (57,657) | 3,063 | - | (54,594) |
| <i>Elementary and Secondary School Emergency Relief (ESSER) Coronavirus Aid, Relief, and Economic Security (CARES) Act</i> | | | | | | | | | | | | | | | |
| CARES | 84.425D | S425D200027 | | 3/13/20-9/30/22 | 85,945 | (4,068) | | | 4,068 | | | (384) | 384 | | |
| <i>Elementary and Secondary School Emergency Relief (ESSER II) Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act</i> | | | | | | | | | | | | | | | |
| ESSER II | 84.425D | S425D200027 | 36402109001 | 3/13/20-9/30/23 | 333,564 | (35,719) | | | 23,919 | 297,845 | | (309,645) | | | (309,645) |
| Learning | 84.425D | S425D200027 | 36402109001 | 3/13/20-9/30/23 | 25,000 | | | | 22,518 | 22,518 | | (2,482) | 2,482 | | |
| Mental Health | 84.425D | S425D200027 | 36402109001 | 3/13/20-9/30/23 | 45,000 | | | | 8,005 | 21,199 | | (36,995) | 23,801 | | (13,194) |
| <i>American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER)</i> | | | | | | | | | | | | | | | |
| ESSER | 84.425U | S425U210027 | | 3/13/20-9/30/24 | 749,663 | | | | | | | (749,663) | 749,663 | | |
| Accelerated Learning | 84.425U | S425U210027 | | 3/13/20-9/30/24 | 51,644 | | | | | | | (51,644) | 51,644 | | |
| Summer Learning | 84.425U | S425U210027 | | 3/13/20-9/30/24 | 40,000 | | | | | | | (40,000) | 40,000 | | |
| Beyond the School Day | 84.425U | S425U210027 | | 3/13/20-9/30/24 | 40,000 | | | | | | | (40,000) | 40,000 | | |
| Mental Health | 84.425U | S425U210027 | | 3/13/20-9/30/24 | 45,000 | | | | | | | (45,000) | 45,000 | | |
| Total - COVID Cluster | | | | | (39,787) | - | - | - | 58,510 | 341,562 | - | (1,275,813) | 952,974 | - | (322,839) |
| Total Special Revenue Fund | | | | | (91,822) | 25,698 | (25,698) | 366,155 | 654,968 | - | - | (1,337,576) | 956,941 | - | (380,635) |
| Total Federal Awards | | | | | \$ (96,083) | \$ 25,698 | \$ (25,698) | \$ 641,189 | \$ 946,637 | \$ - | \$ - | \$ (1,358,677) | \$ 957,146 | \$ - | \$ (401,736) |

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

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance, July 1, 2022 | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Refund of Prior Years' Balances | Balance, June 30, 2022 | | | MEMO | | | |
|---|-------------------------------|----------------|--------------|-----------------------|------------------------------|---------------|------------------------|---------------------------------|------------------------|-------------------|----------------|-----------------|-------------------------------|--------------|--|
| | | | | | | | | | (Accounts Receivable) | Deferred Revenue/ | Due to Grantor | GAAP Receivable | Cumulative Total Expenditures | | |
| State Department of Education | | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | | |
| Special Education Categorical Aid | 21-495-034-5120-089 | 7/1/20-6/30/21 | \$ 394,902 | \$ (32,702) | | \$ 32,702 | | | | | | | | | |
| Special Education Categorical Aid | 22-495-034-5120-089 | 7/1/21-6/30/22 | 466,438 | | | 426,817 | \$ 466,438 | | \$ (39,621) | | | | | \$ 466,438 | |
| Security Aid | 21-495-034-5120-084 | 7/1/20-6/30/21 | 23,855 | (1,975) | | 1,975 | | | | | | | | - | |
| Security Aid | 22-495-034-5120-084 | 7/1/21-6/30/22 | 23,855 | - | - | 21,829 | 23,855 | - | (2,026) | - | - | | | 23,855 | |
| Total State Aid - Public Cluster | | | | (34,677) | - | 483,323 | 490,293 | - | (41,647) | - | - | | | 490,293 | |
| Transportation Aid | 21-495-034-5120-014 | 7/1/20-6/30/21 | 85,420 | (7,074) | | 7,074 | | | - | | | | | - | |
| Transportation Aid | 22-495-034-5120-014 | 7/1/21-6/30/22 | 85,420 | | | 78,164 | 85,420 | | (7,256) | | | | | 85,420 | |
| Extraordinary Aid | 21-100-034-5120-473 | 7/1/20-6/30/21 | 151,704 | (151,704) | | 151,704 | | | | | | | | - | |
| Extraordinary Aid | 22-100-034-5120-473 | 7/1/21-6/30/22 | 216,570 | | | - | 216,570 | | (216,570) | | | | | 216,570 | |
| Additional NonPublic Transportation Aid | N/A | 7/1/20-6/30/21 | 31,030 | (31,030) | | 31,030 | | | - | | | | | - | |
| Additional NonPublic Transportation Aid | N/A | 7/1/21-6/30/22 | 31,610 | | | - | 31,610 | | (31,610) | | | \$ (31,610) | | 31,610 | |
| Bond Act School Security Grant for Alyssa's Law | | 7/1/20-6/30/21 | 33,107 | (33,107) | | 33,107 | | | - | | | | | - | |
| On-Behalf TPAF Normal Cost | 22-495-034-5094-002 | 7/1/21-6/30/22 | 1,926,822 | - | | 1,926,822 | 1,926,822 | | - | | | | | 1,926,822 | |
| On-Behalf TPAF NCGI Premium | 22-495-034-5094-004 | 7/1/21-6/30/22 | 27,185 | - | | 27,185 | 27,185 | | - | | | | | 27,185 | |
| On-Behalf TPAF Long Term Disability Insurance | 22-100-034-5094-004 | 7/1/21-6/30/22 | 456,535 | - | | 456,535 | 456,535 | | - | | | | | 456,535 | |
| On-Behalf TPAF Post Retirement Medical Benefits | 22-495-034-5094-001 | 7/1/21-6/30/22 | 837 | - | | 837 | 837 | | - | | | | | 837 | |
| Reimbursed TPAF Soc. Sec. Contributions | 21-495-034-5094-013 | 7/1/20-6/30/21 | 368,129 | (17,428) | | 17,428 | | | - | | | | | - | |
| Reimbursed TPAF Soc. Sec. Contributions | 22-495-034-5094-013 | 7/1/21-6/30/22 | 386,098 | - | - | 366,700 | 386,098 | - | (19,398) | - | - | | (19,398) | 386,098 | |
| Total General Fund | | | | (275,020) | - | 3,579,909 | 3,621,370 | - | (316,481) | - | - | | (51,008) | 3,621,370 | |
| Special Revenue Fund | | | | | | | | | | | | | | | |
| SDA - Emergent and Capital Maintenance Needs | N/A | 7/1/21-6/30/22 | 14,175 | - | - | 14,175 | 14,175 | - | - | - | - | | - | 14,175 | |
| Total Special Revenue Fund | | | | - | - | 14,175 | 14,175 | - | - | - | - | | - | 14,175 | |
| State Department of Agriculture | | | | | | | | | | | | | | | |
| State School Lunch Program | 21-100-010-3360-067 | 7/1/20-6/30/21 | 1,253 | (149) | | 149 | | | - | | | | | - | |
| State School Lunch Program | 22-100-010-3360-067 | 7/1/21-6/30/22 | 6,348 | - | - | 5,862 | 6,348 | - | (486) | - | - | | (486) | 6,348 | |
| Total Enterprise Fund | | | | (149) | - | 6,011 | 6,348 | - | (486) | - | - | | (486) | 6,348 | |
| Total State Financial Assistance Subject to Single Audit Determination | | | | \$ (275,169) | \$ - | 3,600,095 | 3,641,893 | \$ - | \$ (316,967) | \$ - | \$ - | | \$ (51,494) | 3,641,893 | |
| State Financial Assistance Not Subject to Major Program Determination | | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | | |
| On-Behalf TPAF | | | | | | (2,411,379) | (2,411,379) | | | | | | | (2,411,379) | |
| Total State Financial Assistance Subject to Major Program Determination | | | | | | \$ 1,188,716 | \$ 1,230,514 | | | | | | | \$ 1,230,514 | |

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$72,018 for the general 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 | | \$ 3,549,352 | \$ 3,549,352 |
| Special Revenue Fund | \$ 654,967 | 14,175 | 669,142 |
| Food Service Fund | 291,669 | 6,348 | 298,017 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Awards Financial Assistance | \$ 946,636 | \$ 3,569,875 | \$ 4,516,511 |
| | <u> </u> | <u> </u> | <u> </u> |

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

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$386,098 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 \$1,954,007, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$456,535 and TPAF Long-Term Disability Insurance in the amount of \$837 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 are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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>CFDA Number(s)</u> | <u>FAIN Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---------------------|---|
| 84.425D | S425D200027 | CRRSA (ESSER II) |
| 84.425U | S425U210027 | ARP ESSER (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

**NORTH HALEDON 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

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

K) Auditee qualified as low-risk auditee? X yes no

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

M) Internal Control over compliance:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no

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

O) Identification of major programs:

| GMIS Number(s) | Name of State Program |
|---------------------|-----------------------------------|
| 22-495-034-5120-089 | Special Education Categorical Aid |
| 22-495-034-5120-084 | Security Aid |
| | |
| | |
| | |
| | |
| | |
| | |

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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.

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 FEDERAL AWARDS

There are none.

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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.

**NORTH HALEDON BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
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.