

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

**Totowa, New Jersey**

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

**Prepared by  
Business Office**

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## **INTRODUCTORY SECTION**

**BOROUGH OF TOTOWA PUBLIC SCHOOLS**  
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**OFFICE OF THE CHIEF SCHOOL ADMINISTRATOR**  
Patricia Capitelli

Tel: 973-956-0010

Fax: 973-389-9838

November 29, 2022

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

Dear Board Members:

The comprehensive annual financial report of the Totowa School District for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Totowa Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

**1. REPORTING ENTITY AND ITS SERVICES:**

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

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten, Kindergarten, and grades one through eight. These include regular, as well as special education programs for students with disabilities. The District completed the 2021-2022 fiscal year with an

enrollment of 943 students. The following details the changes in the student enrollment of the District over the last five years.

**Average Daily Enrollment**

(Data Source: ASSA Report, including SE Students)

Fiscal Year	Student Enrollment 10/15	Total (End of Year)
17/18	1028	1040
18/19	977	975
19/20	977	938
20/21	907	914
21/22	936	943

**2. ECONOMIC CONDITION AND OUTLOOK:**

The Totowa area is in the process of completing another era of development and expansion that is expected to stabilize and increase the tax base. A large industrial area is currently being built as well as new apartments. The number of businesses relocating to the area result in a stabilized level tax base; both residential and industrial. Annual enrollment has increased from last year. The school district has seen a decrease in enrollment during 2022-2023 school year, primarily due to a large 8<sup>th</sup> grade class graduating the year prior. The attractiveness of the Totowa tax base, additional apartments, and the progressive school system has been the catalyst for the purchase and/or renting of houses and apartments for many families looking for housing.

**3. MAJOR INITIATIVES:**

**A. Technology**

The Totowa School district has implemented a one-to-one computing initiative. All students in kindergarten through grade 8 have been provided with a laptop computer. The district has been purchasing new state-of-the-art Smart Boards and replacing the old ones on a rotational basis. The Totowa School district has updated its network infrastructure and installed wireless routers in every classroom at Washington Park School as well as Memorial School. All equipment was obtained through the Digital Divide CARES Act grant, the CARES Act Stabilization grant, the ESSER II grant and the ESSER III grant.

To ensure that our teachers are fully trained and integrating technology to enhance the educational experience of our students, the Totowa School District has contracted the assistance of a professional development firm, IDE. Cohorts of teachers participate for eight days of professional development over the summer creating units in various subject areas. IDE then continues providing support to the teacher throughout the year and is in district three days a week every month. Teachers can schedule meeting and/or observations with the IDE consultants who provide on-going support throughout the school year. Training on the new Smart Boards has also been provided to the staff and will continue for the 2022-2023 school year.

**B. Virtual Learning**

In accordance with Governor Murphy's executive order, P.L.2020,d.27, LEA's can utilize virtual or remote instruction to satisfy the 180-day requirement pursuant to N.J.S.A. 18A:7F-9 in the event of a public-health related district closure. In order to provide transparency and ensure that our students receive high quality, standards-based instruction, the Totowa School District has a submitted a program for virtual or remote instruction to the New Jersey Department of Education. This plan would be implemented during a district closure lasting more than three consecutive school days due to a declared state of emergency, declared public health emergency, or a directive

by the appropriate health agency to institute a public health related closure.

Hours of instructional time are not defined as a student's time spent in front of a teacher or in front of a screen, but time engaged in standards-based learning under the guidance and direction of a teacher. Special Education and ELL: Will continue ensuring that students receive individualized supports that meet the requirements of the IEP and 504 Plans. Supplemental instructional classes of small group instruction and individualized learning to address each student's needs are offered during the school day and will be conducted virtually to allow students to remain with their cohorts.

In 2022-2023, the Totowa School district will continue to use a number of strategies to help shrink the learning gap that may exist due to virtual learning and closures at the end of the 2019-2020 school year. A few of the strategies consist of; smaller class sizes for a more individualized approach, additional professional development for staff, and 1:1 computer initiative K-8 with the option to use at home. School district teachers will use a variety of tests and assessments to determine if a pupil should be categorized as at risk of not meeting the proficiencies of the New Jersey Student Learning Standards. Students who are at risk will be provided with and individualized learning plan to address each student's needs. Supplemental instruction and related activities and services responsive to identified deficiencies and are designed to meet the academic, social, economic, and environmental needs of pupils. Evaluation of the progress towards proficiency will occur throughout the year and student's placement will be addressed accordingly. Parents will be notified of the student's need for supplemental instruction and parents will be apprised of their child(ren)'s progress. Guidance counselors will create programs based on students' social and emotional needs. The district will consider the impact of social isolation on both students and staff. Students and staff who are at-risk will receive additional supports in the school setting as well as outside.

C. Totowa Education Foundation, Inc.

The Totowa Education Foundation, Inc. ran their before and after care program, Kops 4 Kids, during the 2021-2022 school year. Enrollment has increased since the prior years of the pandemic but have still not reached pre-pandemic levels. The Foundation did bring back Bowling and the school play. The Foundation also subsidized the funding for boys and girls Basketball and Volleyball, which returned during the 2021-2022 school year. Programs will continue to run as they have with no additional cost to the taxpayers.

The Foundation sponsored "Kops for Kids" and "Totowa Preschool (TPK) Kops for Kids" programs and the "Kops 4 Kids Summer Program" (July and August 2021) continues to provide an important service to the community, as well as generating most of the revenue for extracurricular programming and classroom furniture for 21<sup>st</sup> Century Learning. Enrichment programs were offered again during the 2021-2022 school year. The programs allowed students to select from a wide variety of classes, ranging from "Fun in the Sun" to "Modern Crayon Art". Art related classes at Memorial School and Washington Park School have been well received.

Extracurricular programming resumed during the 2021-2022 school year. The following programs were offered during the 2021-2022 school year:

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

The 2001-2002 school year saw the inaugural annual musical production for middle school students complete with singing, dancing, and a pit band. The play was brought back in 2021-2022 and Frozen was performed. The musicals performed for the last five years were:

<i>Aladdin</i>	- 2016-2017
<i>The Lion King</i>	- 2017-2018
<i>Willy Wonka Jr.</i>	- 2018-2019
<i>Frozen (Virtual Video)</i>	- 2019-2020
<i>Frozen</i>	- 2021-2022

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

The PTO serves as one of the District's strongest supporters and child advocate organizations. Extensive cultural arts offerings are financed through the efforts of the PTO. Through the Tricky Tray and Fall Fundraiser, two major sources of revenue, the PTO has continued to fund major initiatives in the district. In the past, PTO funds (50% of Tricky Tray revenues) have been used for technology equipment and 21<sup>st</sup> Century Learning room renovations. The PTO also sponsors cultural arts programs, the eighth-grade dance, and an eighth-grade trip to a Broadway play. The eighth-grade trip to Broadway was suspended due to Covid-19 during the 2021-2022 school year, however, the PTO sponsored an eighth grade class trip to the Fairview YMCA. The students had a great time. The PTO sponsored their annual Book Fair during the 2021-2022 school year.

Partnership with the Totowa Public Library: Dwight D. Eisenhower Library and the school continue to cooperate in a collaborative jointure. The School District and the Library made a push to register all students for library cards. The cards give the students free access to digital resources, as well as, access to all items in the library. The Totowa Public Library also runs a program for students during recess in the winter months which include reading books and crafts to go along with the stories read.

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

Partnership with Municipal Alliance: The administration and Board of Education have continued their partnership with the Municipal Alliance during the 2021-2022 school year. The Municipal Alliance helps run programs such as Senior Citizen luncheons, Community Awareness, and school-based prevention programs. While several of the activities were cancelled due to the pandemic, the Municipal Alliance donated books to the school district for homeroom libraries to help with SEL during 2021-2022.

Partnership with Totowa Fire Department: The administration and the Board of Education have continued their partnership with the Totowa Fire Department during the 2021-2022 school year. The Fire Department provides programs and hands-on activities to educate our students about fire prevention and safety.

#### 4. FACILITIES -

During the summer of 2021 the Totowa School District was able to complete a new turf field project at Washington Park School. Students are now able to better utilize the field during the year. The School District was also able to renovate two more bathrooms at Memorial School. In the summer of 2022, the Memorial School building was re-wired for upgraded routers and switches to better provide internet to each classroom.

#### **5. INTERNAL ACCOUNTING CONTROLS -**

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

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

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

#### **6. BUDGETARY CONTROLS -**

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

#### **6A. PROPRIETARY FUNDS -**

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

#### **7. ACCOUNTING SYSTEM AND REPORTS -**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds.

#### **8. CASH MANAGEMENT -**

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

#### **9. OTHER INFORMATION**

##### **A. Independent Audit -**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Bliss, LLP was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was



designed to meet the requirements of the Single Audit Act Amendments of 1996 and the U.S. Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements and individual fund financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. **ACKNOWLEDGEMENTS** -

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

Respectfully submitted,

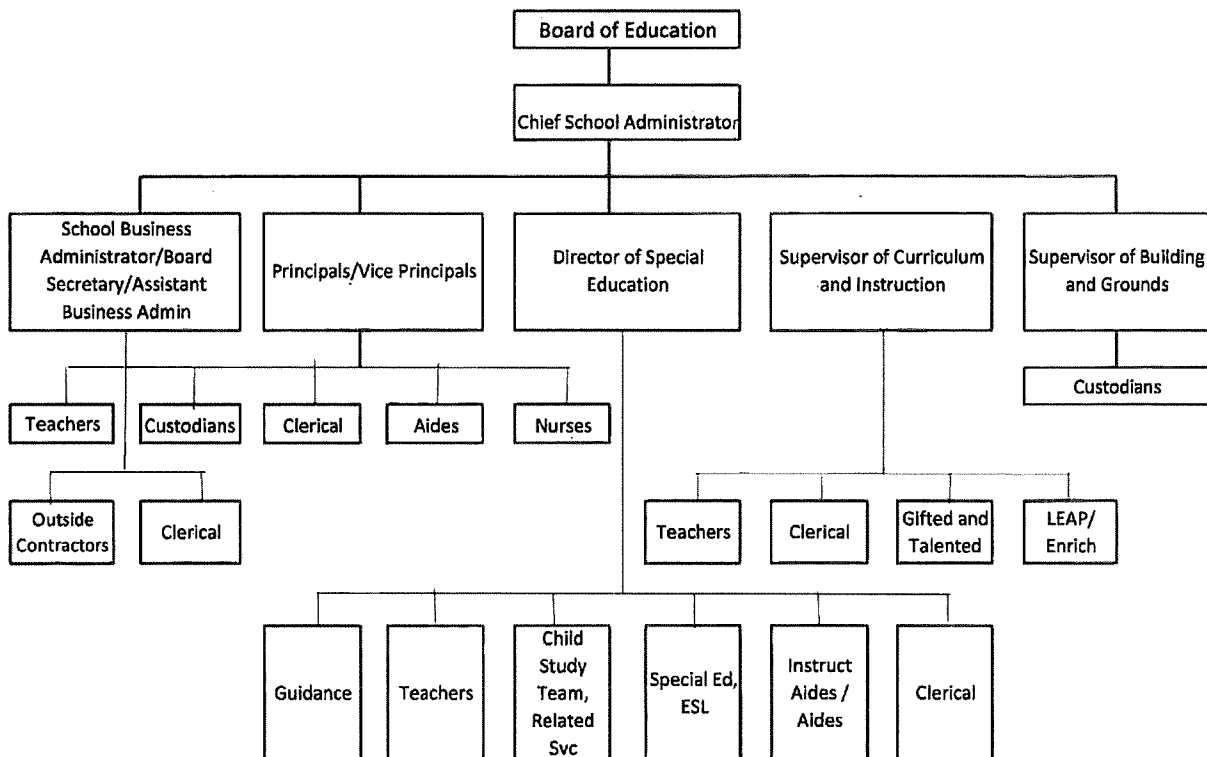


Patricia Capitelli  
Chief School Administrator



Vincent Varcadipane  
School Business Administrator/  
Board Secretary

## 1110 ORGANIZATIONAL CHART



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



Totowa Board of Education  
Roster of Officials  
June 30, 2022

**Members of the Board of Education**

**Term Expires**

Heather Antonucci – President	2023
Julie Alesandrelli – Vice President	2024
Gary Bierach	2025
Rosemarie Carr	2025
Jennifer DeCeglie	2023
Kenneth Kerwin	2024
Greg La Rose	2024
Sanders Reynoso	2023
Joseph Parlegreco	2025

**Other Officials**

Patricia Capitelli, Chief School Administrator

Vincent Varcadipane, Board Secretary/School Business Administrator

Lisa Nash, Treasurer of School Monies

Raymond B. Reddin, Attorney

Totowa Board of Education  
Consultants and Advisors  
June 30, 2022

**Audit Firm**

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

**Attorney**

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

**Official Depository**

Valley National Bank  
55 Union Boulevard  
Totowa, New Jersey 07512

**FINANCIAL SECTION**



# LERCH, VINCI & 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  
Totowa Board of Education  
Totowa, 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 Totowa 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 Totowa 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 Totowa 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 Totowa 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 Totowa 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 Totowa 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 Totowa 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 Totowa 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.

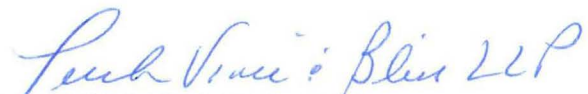
### ***Other Information***

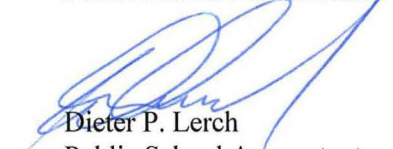
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial 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 February 6, 2023 on our consideration of the Totowa Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Totowa Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Totowa Board of Education's internal control over financial reporting and compliance.

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

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
February 6, 2023



**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

## **Management's Discussion and Analysis Year Ended June 30, 2022**

This section of the Totowa Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

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

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2021-22 fiscal year are as follows:

- The assets and deferred outflows of resources of the Totowa Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$18,956,054 (net position).
- The District's total net position increased through current year operations by \$4,897,936.
- Total district-wide revenues were \$23,792,041. General revenues accounted for \$17,539,204 or 74% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,252,837 or 26% of total revenues.
- The school district had \$18,336,066 in expenses for governmental activities; only \$5,534,734 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$17,538,979 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$15,884,416. Of this amount, \$5,974,558 is restricted for capital reserve. After deducting statutory reserves, \$816,716 is available for spending at the District's discretion (unassigned fund balance – General Fund).

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

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

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

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

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

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

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

**District-Wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

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

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

The district has three kinds of funds:

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

**FINANCIAL ANALYSIS OF THE TOTOWA BOARD OF EDUCATION AS A WHOLE**

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

Table A-1 provides a summary of the school district's net position for 2022 and 2021.

**Net Position.** The district's combined net position were \$18,956,054 and \$14,058,118, on June 30, 2022 and 2021, respectively. (See Table A-1).

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

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

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>						
Current Assets	\$ 16,407,974	\$ 13,725,703	\$ 372,697	\$ 179,850	\$ 16,780,671	\$ 13,905,553
Capital Assets	<u>7,891,576</u>	<u>7,019,062</u>	<u>-</u>	<u>-</u>	<u>7,891,576</u>	<u>7,019,062</u>
<b>Total Assets</b>	<u>24,299,550</u>	<u>20,744,765</u>	<u>372,697</u>	<u>179,850</u>	<u>24,672,247</u>	<u>20,924,615</u>
<b>Deferred Outflows of Resources</b>	<u>141,565</u>	<u>536,974</u>	<u>-</u>	<u>-</u>	<u>141,565</u>	<u>536,974</u>
<b>Total Assets and Deferred Outflows</b>	<u>24,441,115</u>	<u>21,281,739</u>	<u>372,697</u>	<u>179,850</u>	<u>24,813,812</u>	<u>21,461,589</u>
<b>Liabilities</b>						
Long-Term Liabilities	3,269,171	5,205,842			3,269,171	5,205,842
Other Liabilities	<u>523,558</u>	<u>374,974</u>	<u>55,700</u>	<u>23,229</u>	<u>579,258</u>	<u>398,203</u>
<b>Total Liabilities</b>	<u>3,792,729</u>	<u>5,580,816</u>	<u>55,700</u>	<u>23,229</u>	<u>3,848,429</u>	<u>5,604,045</u>
<b>Deferred Inflows of Resources</b>	<u>2,009,035</u>	<u>1,799,219</u>	<u>294</u>	<u>207</u>	<u>2,009,329</u>	<u>1,799,426</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>5,801,764</u>	<u>7,380,035</u>	<u>55,994</u>	<u>23,436</u>	<u>5,857,758</u>	<u>7,403,471</u>
<b>Net Position</b>						
Net Investment in Capital Assets	7,891,576	6,306,897			7,891,576	6,306,897
Restricted	6,087,374	4,106,038			6,087,374	4,106,038
Unrestricted	<u>4,660,401</u>	<u>3,488,769</u>	<u>316,703</u>	<u>156,414</u>	<u>4,977,104</u>	<u>3,645,183</u>
<b>Total Net Position</b>	<u>\$ 18,639,351</u>	<u>\$ 13,901,704</u>	<u>\$ 316,703</u>	<u>\$ 156,414</u>	<u>\$ 18,956,054</u>	<u>\$ 14,058,118</u>

Table A-2 on the following page shows changes in net position for fiscal years 2022 and 2021.

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

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

**Table A-2  
Change in Net Position  
For The Fiscal Years Ended June 30, 2022 and 2021**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 295,151	\$ 129,160	\$ 120,361	\$ 1,956	\$ 415,512	\$ 131,116
Grants and Contributions	5,239,583	6,217,732	597,742	373,475	5,837,325	6,591,207
General Revenues						
Property Taxes	17,182,275	16,846,344			17,182,275	16,846,344
State Aid - Unrestricted	262,845				262,845	-
Interest	18,306	7,059			18,306	7,059
Miscellaneous	75,553	27,047	225	49	75,778	27,096
<b>Total Revenues</b>	<u>23,073,713</u>	<u>23,227,342</u>	<u>718,328</u>	<u>375,480</u>	<u>23,792,041</u>	<u>23,602,822</u>
<b>Expenses</b>						
Instruction						
Regular	8,686,585	9,286,306			8,686,585	9,286,306
Special Education	1,883,096	1,567,033			1,883,096	1,567,033
Other Instruction	731,897	680,308			731,897	680,308
School Sponsored Activities & Athletics	17,465	11,020			17,465	11,020
Support Services						
Student and Instruction Related Services	2,191,048	2,933,701			2,191,048	2,933,701
General Administrative Services	541,655	636,704			541,655	636,704
School Administrative Services	1,114,549	1,275,294			1,114,549	1,275,294
Plant Operations and Maintenance	1,996,991	2,163,808			1,996,991	2,163,808
Pupil Transportation	630,371	495,641			630,371	495,641
Central Services	531,949	604,648			531,949	604,648
Food Services			558,039	344,414	558,039	344,414
Interest on Long-Term Debt	10,460	30,901	-	-	10,460	30,901
<b>Total Expenses</b>	<u>18,336,066</u>	<u>19,685,364</u>	<u>558,039</u>	<u>344,414</u>	<u>18,894,105</u>	<u>20,029,778</u>
Change in Net Position	<u>\$ 4,737,647</u>	<u>\$ 3,541,978</u>	<u>\$ 160,289</u>	<u>\$ 31,066</u>	<u>\$ 4,897,936</u>	<u>\$ 3,573,044</u>



# Totowa Board of Education Totowa, New Jersey

## Management's Discussion and Analysis (continued) Year Ended June 30, 2022

**Governmental Activities.** The District's total revenues were \$23,073,713. General revenues, which included property taxes, tuition, unrestricted state aid, investment earnings, and miscellaneous revenue, amounted to \$17,538,979 or 76% of total revenues. Charges for services, grants and contributions amounted to \$5,534,734 or 24%. (See Figure A-2)

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$11,319,043 or 62% and student support services and debt service totaled \$7,017,023 or 38% of total expenditures. (See Figure A-3)

Figure A-2 Revenues by Sources – Governmental Activities  
For Fiscal Year 2022

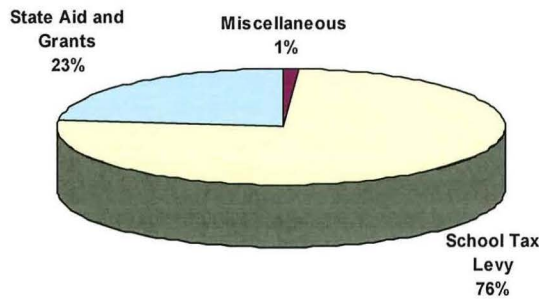
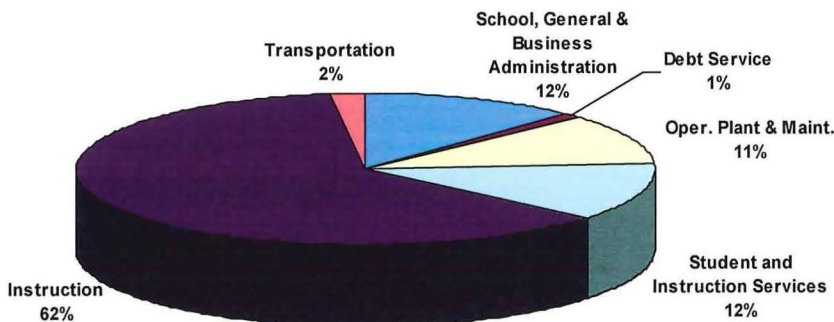


Figure A-3 Expenses by Function – Governmental Activities  
For Fiscal Year 2022



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

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

Table A-3  
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	8,686,585	9,286,306	\$ 5,910,267	\$ 6,050,263
Special Education	1,883,096	1,567,033	627,314	444,105
Other Instruction	731,897	680,308	563,179	456,811
School Sponsored Activities & Athletics	17,465	11,020	(26,423)	(10,993)
Support Services				
Student and Instruction Related Services	2,191,048	2,933,701	1,545,884	1,959,519
General Administrative Services	541,655	636,704	513,432	603,675
School Administrative Services	1,114,549	1,275,294	913,762	966,191
Plant Operations and Maintenance	1,996,991	2,163,808	1,792,859	1,947,448
Pupil Transportation	630,371	495,641	463,643	330,424
Central Services	531,949	604,648	486,955	560,128
Interest on Long-Term Debt	10,460	30,901	10,460	30,901
	<u>10,460</u>	<u>30,901</u>	<u>10,460</u>	<u>30,901</u>
Total	<u>\$ 18,336,066</u>	<u>\$ 19,685,364</u>	<u>\$ 12,801,332</u>	<u>\$ 13,338,472</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2022 was \$558,039. These costs were funded by operating grants, charges for services and investment earnings of \$718,103 (Detailed on Table A-2).

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

**Management's Discussion and Analysis (continued)  
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 the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$15,884,416. At June 30, 2021, the fund balance was \$13,361,304. Total combined fund balances increase by \$2,523,112.

Revenues for the District's governmental funds were \$23,855,263, while total expenditures were \$21,332,151.

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

The following schedule presents a summary of General Fund revenues.

**General Fund Revenues**

	<b>For the Fiscal Years</b>		<b>Amount of</b>	<b>Percent</b>
	<b>Ended June 30,</b>			
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>(Decrease)</u></b>	<b><u>(Decrease)</u></b>
Local Sources:				
Property Taxes	\$ 16,449,075	\$ 16,126,544	\$ 322,531	2%
Tuition	295,151	129,160	165,991	129%
Investment Earnings	18,306	7,059	11,247	159%
Miscellaneous	75,553	27,047	48,506	179%
Intergovernmental				
Federal Sources	30,228	41,859	(11,631)	-28%
State Sources	<u>4,805,579</u>	<u>3,543,072</u>	<u>1,262,507</u>	36%
 Total Revenues	 <u>\$ 21,673,892</u>	 <u>\$ 19,874,741</u>	 <u>\$ 1,799,151</u>	 9.05%

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

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

The following schedule presents a summary of General Fund expenditures.

**General Fund Expenditures**

	<b>For the Fiscal Years Ended June 30,</b>		<b>Amount of Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
	<b><u>2022</u></b>	<b><u>2021</u></b>		
Instruction	\$ 10,770,134	\$ 9,506,016	\$ 1,264,118	13%
Support Services	7,104,873	7,237,019	(132,146)	-2%
Capital Outlay	<u>1,302,196</u>	<u>253,401</u>	<u>1,048,795</u>	414%
 Total Expenditures	 <u>\$ 19,177,203</u>	 <u>\$ 16,996,436</u>	 <u>\$ 2,180,767</u>	 12.8%

Total General Fund expenditures increased by \$2,180,767 or 12.8%, from the previous year. This was due to the turf field project going on in 21-22.

**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 \$1,448,171 for the year ended June 30, 2022. Federal sources accounted for 81% of the total revenue for the year, while state sources accounted for 16%, and the remaining 3% came from local sources.

Expenditures of the Special Revenue Fund were \$1,421,748. Instructional expenditures were \$1,111,081 or 78%. The remaining 23% was student support related expenditures.

**Proprietary Funds**

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

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

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

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

**Capital Assets.** At the end of the fiscal years ended June 30, 2022 and 2021, the school district had invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment as stated in Table A-4 as follows:

**Table A-4**

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Land	\$ 130,267	\$ 130,267
Buildings	12,001,489	12,001,489
Improvements Other Than Buildings	1,852,334	665,032
Machinery and Equipment	<u>1,977,308</u>	<u>1,950,315</u>
 Total	 15,961,398	 14,747,103
 Less: Accumulated Depreciation	 <u>(8,069,822)</u>	 <u>(7,728,041)</u>
 Total	 <u>\$ 7,891,576</u>	 <u>\$ 7,019,062</u>

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

**Debt Administration.** As of June 30, 2022 the school district had outstanding long-term liabilities in the amount of \$3,269,171.

**Long-Term Liabilities**

**Table A-5  
Long-Term Debt  
Outstanding Long-Term Liabilities  
As of June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Serial Bonds Payable, Net		\$ 716,538
Net Pension Liability	\$ 2,598,870	3,823,379
Compensated Absences Payable	<u>670,301</u>	<u>665,925</u>
 Total	 <u>\$ 3,269,171</u>	 <u>\$ 5,205,842</u>

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

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

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

**General Fund Budgetary Highlights**

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

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**BASIC FINANCIAL STATEMENTS**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 16,065,373	\$ 269,893	\$ 16,335,266
Receivables, net			
Receivables from Other Governments	358,044	70,356	428,400
Internal Balances	(28,416)	28,416	
Other Receivables	12,973		12,973
Inventory		4,032	4,032
Capital Assets, Not Being Depreciated	130,267		130,267
Capital Assets, Being Depreciated	<u>7,761,309</u>	<u>-</u>	<u>7,761,309</u>
Total Assets	<u>24,299,550</u>	<u>372,697</u>	<u>24,672,247</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>141,565</u>	<u>-</u>	<u>141,565</u>
Total Deferred Outflows of Resources	<u>141,565</u>	<u>-</u>	<u>141,565</u>
Total Assets and Deferred Outflows of Resources	<u>24,441,115</u>	<u>372,697</u>	<u>24,813,812</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	324,679	48,076	372,755
Payroll Deductions and Withholdings Payable	187,794		187,794
Payable to Other Governments	11,085		11,085
Deferred Revenue		7,624	7,624
Noncurrent Liabilities			
Due Within One Year	60,000		60,000
Due Beyond One Year	<u>3,209,171</u>	<u>-</u>	<u>3,209,171</u>
Total Liabilities	<u>3,792,729</u>	<u>55,700</u>	<u>3,848,429</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	2,009,035		2,009,035
Deferred Commodities Revenue	<u>-</u>	<u>294</u>	<u>294</u>
Total Deferred Inflows of Resources	<u>2,009,035</u>	<u>294</u>	<u>2,009,329</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,801,764</u>	<u>55,994</u>	<u>5,857,758</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,891,576		7,891,576
Restricted for			
Unemployment Compensation	112,816		112,816
Capital Projects	5,974,558		5,974,558
Unrestricted	<u>4,660,401</u>	<u>316,703</u>	<u>4,977,104</u>
Total Net Position	<u>\$ 18,639,351</u>	<u>\$ 316,703</u>	<u>\$ 18,956,054</u>

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



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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 8,686,585	\$ 295,151	\$ 2,481,167		\$ (5,910,267)		\$ (5,910,267)
Special Education	1,883,096		1,255,782		(627,314)		(627,314)
Other Instruction	731,897		168,718		(563,179)		(563,179)
School Sponsored Activities & Athletics	17,465		43,888		26,423		26,423
Support Services							
Student and Instruction Related Services	2,191,048		645,164		(1,545,884)		(1,545,884)
General Administrative Services	541,655		28,223		(513,432)		(513,432)
School Administrative Services	1,114,549		200,787		(913,762)		(913,762)
Central Services	531,949		44,994		(486,955)		(486,955)
Plant Operations and Maintenance	1,996,991		204,132		(1,792,859)		(1,792,859)
Pupil Transportation	630,371		166,728		(463,643)		(463,643)
Interest on Debt	10,460	-	-	-	(10,460)	-	(10,460)
Total Governmental Activities	18,336,066	295,151	5,239,583	-	(12,801,332)	-	(12,801,332)
<b>Business-Type Activities</b>							
Food Service	558,039	120,361	597,742	-	-	\$ 160,064	160,064
Total Business-Type Activities	558,039	120,361	597,742	-	-	160,064	160,064
Total Primary Government	\$ 18,894,105	\$ 415,512	\$ 5,837,325	\$ -	(12,801,332)	160,064	(12,641,268)
<b>General Revenues</b>							
Property Taxes, Levied for General Purposes					16,449,075		16,449,075
Taxes Levied for Debt Service					733,200		733,200
State Aid - Unrestricted					262,845		262,845
Investment Earnings					18,306	225	18,531
Miscellaneous Income					75,553	-	75,553
Total General Revenues					17,538,979	225	17,539,204
Change in Net Position					4,737,647	160,289	4,897,936
Net Position, Beginning of Year					13,901,704	156,414	14,058,118
Net Position, End of Year					\$ 18,639,351	\$ 316,703	\$ 18,956,054

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

**FUND FINANCIAL STATEMENTS**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 15,810,564	\$ 254,809		\$ 16,065,373
Receivables, Net				
Receivables from Other Governments	330,444	27,600		358,044
Other Accounts Receivable	<u>11,700</u>	<u>1,273</u>	-	<u>12,973</u>
 Total Assets	 <u>\$ 16,152,708</u>	 <u>\$ 283,682</u>	 <u>\$ -</u>	 <u>\$ 16,436,390</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 186,514	\$ 138,165		\$ 324,679
Due to Other Funds	28,416			28,416
Payroll Deductions and Withholdings Payable	187,794			187,794
Payable to State Government	<u>-</u>	<u>11,085</u>	-	<u>11,085</u>
 Total Liabilities	 <u>402,724</u>	 <u>149,250</u>	 <u>-</u>	 <u>551,974</u>
Fund Balances				
Restricted				
Capital Reserve	5,974,558			5,974,558
Excess Surplus	4,446,723			4,446,723
Excess Surplus - Designated for Subsequent Year's Budget	4,399,171			4,399,171
Unemployment Compensation	112,816			112,816
Student Activities		134,432		134,432
Unassigned	<u>816,716</u>	<u>-</u>	<u>-</u>	<u>816,716</u>
 Total Fund Balances	 <u>15,749,984</u>	 <u>134,432</u>	 <u>-</u>	 <u>15,884,416</u>
 Total Liabilities and Fund Balances	 <u>\$ 16,152,708</u>	 <u>\$ 283,682</u>	 <u>\$ -</u>	 <u>\$ 16,436,390</u>

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

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

Total Fund Balances - Governmental Funds (Exhibit B-1)	\$	15,884,416
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Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$15,961,398 and the accumulated depreciation is \$8,069,822.		7,891,576
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Amounts resulting from the refunding of debt and net pension liabilities are reported as deferred inflows and outflows of resources on the statement of net position and amortized over the life of the debt.

Deferred Inflows of Resources		
Net Pension Liability	\$	(2,009,035)
Deferred Outflows of Resources		
Net Pension Liability		141,565
		(1,867,470)

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

Net Pension Liability	(2,598,870)	
Compensated Absences	(670,301)	(3,269,171)

Net Position of Governmental Activities (Exhibit A-1)	\$	18,639,351
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**TOTOWA BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>				
Local Sources				
Local Tax Levy	\$ 16,449,075		\$ 733,200	\$ 17,182,275
Tuition	295,151			295,151
Investment Earnings	18,306			18,306
Miscellaneous	75,553	\$ 43,888	-	119,441
Total - Local Sources	<u>16,838,085</u>	<u>43,888</u>	<u>733,200</u>	<u>17,615,173</u>
State Sources	4,805,579	232,800		5,038,379
Federal Sources	30,228	1,171,483	-	1,201,711
Total Revenues	<u>21,673,892</u>	<u>1,448,171</u>	<u>733,200</u>	<u>23,855,263</u>
<b>EXPENDITURES</b>				
Current				
Regular Instruction	8,221,420	843,541		9,064,961
Special Education Instruction	1,746,325	267,540		2,013,865
Other Instruction	802,389			802,389
School-Sponsored Activities and Athletics		17,465		17,465
Support Services and Undistributed Costs				
Student and Instruction Related Services	2,065,483	273,561		2,339,044
General Administrative Services	536,225			536,225
School Administrative Services	1,204,785			1,204,785
Central Services	587,809			587,809
Plant Operations and Maintenance	2,077,569	19,641		2,097,210
Pupil Transportation	633,002			633,002
Debt Service				
Principal			705,000	705,000
Interest and Other Charges			28,200	28,200
Capital Outlay	1,302,196	-	-	1,302,196
Total Expenditures	<u>19,177,203</u>	<u>1,421,748</u>	<u>733,200</u>	<u>21,332,151</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,496,689</u>	<u>26,423</u>	<u>-</u>	<u>2,523,112</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				-
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,496,689	26,423	-	2,523,112
Fund Balance, Beginning of Year	<u>13,253,295</u>	<u>108,009</u>	<u>-</u>	<u>13,361,304</u>
Fund Balance, End of Year	<u>\$ 15,749,984</u>	<u>\$ 134,432</u>	<u>\$ -</u>	<u>\$ 15,884,416</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 2,523,112

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense.

Capital Outlay	\$ 1,302,196	
Depreciation Expense	<u>(429,682)</u>	
		872,514

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. for these items are measured by the amount of financial resources used (paid):

Amortization of Original Issue Premium	11,538	
Amortization of Deferred Amount on Refunding	(4,373)	
Net Pension Liability	623,657	
Compensated Absences	<u>(4,376)</u>	
		626,446

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

Bond Principal		705,000
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>10,575</u>
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Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 4,737,647</u>
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**TOTOWA BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2022**

	<b>Enterprise Fund - <u>Food Service</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 269,893
Intergovernmental Receivable	
State	1,017
Federal	69,339
Inventory	4,032
Due From Other Funds	<u>28,416</u>
Total Current Assets	<u>372,697</u>
<b>LIABILITIES</b>	
Accounts Payable	48,076
Unearned Revenues	<u>7,624</u>
Total Liabilities	<u>55,700</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Commodities Revenue	<u>294</u>
Total Deferred Inflows of Resources	<u>294</u>
Total Liabilities and Deferred Inflows of Resources	<u>55,994</u>
<b>NET POSITION</b>	
Unrestricted	<u>316,703</u>
Total Net Position	<u><u>\$ 316,703</u></u>

**TOTOWA BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Enterprise Fund - Food Service</u>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Non-Reimbursable	\$ 120,361
Other Sales	-
	-
Total Operating Revenues	120,361
<b>OPERATING EXPENSES</b>	
Cost of Sales - Reimbursable	228,033
Cost of Sales - Non-Reimbursable	
Salaries & Wages	232,755
Insurance	20,762
Supplies	27,306
Professional Service	4,564
Management Fee	42,738
Miscellaneous	1,881
	1,881
Total Operating Expenses	558,039
Operating Loss	(437,678)
<b>NONOPERATING REVENUES</b>	
Federal Sources	
National School Lunch Program	533,655
National Breakfast Program	16,755
Food Distribution Program	35,842
State Sources	
State School Lunch Program	11,490
Interest and Investment Revenue	225
	225
Total Nonoperating Revenues	597,967
Change in Net Position	160,289
Net Position, Beginning of Year	156,414
Net Position, End of Year	\$ 316,703

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



**TOTOWA BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Enterprise Fund - Food Service</u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 120,361
Cash Payments to Employees for Salaries and Wages	(232,755)
Cash Payments to Suppliers for Goods and Services	<u>(258,280)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(370,674)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>539,510</u>
Net Cash Provided by Noncapital Financing Activities	<u>539,510</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>225</u>
Net Cash Provided by Investing Activities	<u>225</u>
Net Increase in Cash and Cash Equivalents	169,061
Cash and Cash Equivalents, Beginning of Year	<u>100,832</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 269,893</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	<u>\$ (437,678)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Food Distribution Program	35,842
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(1,396)
Increase/(Decrease) in Unearned Revenue	7,624
Increase/(Decrease) in Deferred Inflows of Resources	87
Increase/(Decrease) in Accounts Payable	<u>24,847</u>
Total Adjustments	<u>67,004</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (370,674)</u></u>
Non-cash Investing, Capital and Financing Activities:	
Value Received- Food Distribution Program	<u><u>\$ 35,929</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

**B. New Accounting Standards**

During fiscal year 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.

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

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

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

- GASB Statement No. 92, *Omnibus 2020*. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

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

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB Statement No. 99, *Omnibus 2022*, the section applicable to the District will be effective beginning with the fiscal year ending June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

**TOTOWA 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 \$5,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

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

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

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

**5. *Deferred Outflows/Inflows of Resources***

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

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

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

**6. *Compensated Absences***

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

**7. *Pensions***

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

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



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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations*

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

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

*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).

*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.

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

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

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The 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 balances at year end.

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, and additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

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

**2. *Property Taxes***

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

**3. *Tuition Revenues and Expenditures***

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

Tuition Expenditures - Tuition charges for the fiscal years 2020-2021 and 2021-2022 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

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

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 \$944,260. The increase was funded by grant awards, student activities revenues and the re-appropriation of prior year encumbrances.

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

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

**B. Capital Reserve**

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

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

**TOTOWA 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 (Continued)**

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

Balance, July 1, 2021	\$ 4,007,668
Increased by:	
Interest Earnings	36
Deposits Approved by Board Resolution	1,000,000
Unspent Capital Outlay	<u>966,854</u>
Balance, June 30, 2022	<u>\$ 5,974,558</u>

The June 30, 2022 LRFPP has not been updated, therefore, the balance of local support costs of uncompleted capital projects is unavailable.

**C. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 4% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2022 is \$8,845,894. Of this amount, \$4,399,171 was designated and appropriated in the 2022/2023 original budget certified for taxes and the remaining amount of \$4,446,723 will be appropriated in the 2023/2024 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

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 \$16,335,266 and bank and brokerage firm balances of the Board’s deposits amounted to \$16,736,061. The Board's deposits which are displayed on the various fund balance sheets as “cash and cash equivalents” are categorized as:

**Depository Account (See Note 1)**

Insured	<u>\$ 16,736,061</u>
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**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

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

**Cash Deposits (Continued)**

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2022 the Board’s bank balances were not exposed to custodial credit risk.

(1) Note - Net payroll, payroll agency and trust fund type accounts held for others are not covered under GUDPA.

**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.

**B. Receivables**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal	\$ 4,847	\$ 27,600	\$ 69,339	\$ 101,786
State	325,597		1,017	326,614
Other Receivables	11,700	1,273	-	12,973
Gross Receivables	342,144	28,873	70,356	441,373
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 342,144</u>	<u>\$ 28,873</u>	<u>\$ 70,356</u>	<u>\$ 441,373</u>

**TOTOWA 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. Capital Assets**

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

	Balance, <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2022</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 130,267	-	-	\$ 130,267
Total Capital Assets, Not Being Depreciated	<u>130,267</u>	<u>-</u>	<u>-</u>	<u>130,267</u>
Capital Assets, Being Depreciated:				
Buildings	12,001,489			12,001,489
Improvements Other Than Buildings	665,032	\$ 1,187,302		1,852,334
Machinery and Equipment	<u>1,950,315</u>	<u>114,894</u>	<u>(87,901)</u>	<u>1,977,308</u>
Total Capital Assets Being Depreciated	<u>14,616,836</u>	<u>1,302,196</u>	<u>(87,901)</u>	<u>15,831,131</u>
Less Accumulated Depreciation for:				
Buildings	(5,801,853)	(340,650)		(6,142,503)
Improvements Other Than Buildings	(181,117)	(18,011)		(199,128)
Machinery and Equipment	<u>(1,745,071)</u>	<u>(71,021)</u>	<u>87,901</u>	<u>(1,728,191)</u>
Total Accumulated Depreciation	<u>(7,728,041)</u>	<u>(429,682)</u>	<u>87,901</u>	<u>(8,069,822)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,888,795</u>	<u>872,514</u>	<u>-</u>	<u>7,761,309</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,019,062</u>	<u>\$ 872,514</u>	<u>\$ -</u>	<u>\$ 7,891,576</u>

**TOTOWA 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. Capital Assets (Continued)**

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

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

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

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

**Due To/From Other Funds**

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

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

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



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

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

**E. Long-Term Debt**

**General Obligation Bonds**

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

There was no outstanding debt as of June 30, 2022.

**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)	\$ 75,291,436
Less: Net Debt	<u>                    -</u>
Remaining Borrowing Power	<u>\$ 75,291,436</u>

**Changes in Long-Term Liabilities**

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

	Balance, July 1, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2022</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 705,000		\$ (705,000)		
Add: Unamortized Premiums	<u>11,538</u>	<u>-</u>	<u>(11,538)</u>	<u>-</u>	<u>-</u>
Total Bonds Payable	716,538	-	(716,538)	-	-
Net Pension Liability	3,823,379		(1,224,509)	\$ 2,598,870	
Compensated Absences	<u>665,925</u>	<u>\$ 4,376</u>	<u>-</u>	<u>670,301</u>	<u>\$ 60,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 5,205,842</u>	<u>\$ 4,376</u>	<u>\$ (1,941,047)</u>	<u>\$ 3,269,171</u>	<u>\$ 60,000</u>

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

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

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

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

Fiscal Year Ended June 30,	District Contribution	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2022	\$ -	\$ 14,716	\$ 26	\$ 296	\$ 112,816
2021	64,000	14,065	49	26,051	98,370
2020	None	15,716	667	15,997	46,307

**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.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**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 had no estimated arbitrage earnings due to the IRS.

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

**Plan Descriptions and Benefits Provided**

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

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

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

The following represents the membership tiers for PERS:

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

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

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

**TOTOWA 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:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the 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.

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

**Plan Amendments**

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Collective Net Pension Liability**

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2020 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Pension Contributions**

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

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2022 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2022, 2021 and 2020 were equal to the required contributions.

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2022	\$ 256,918	\$ 2,530,177	\$ 24,323
2021	256,484	1,690,451	23,705
2020	236,231	1,302,817	23,105

**TOTOWA 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 (Contributions)**

In addition for fiscal years 2022, 2021 and 2020 the District contributed \$-1-, \$-0- and \$1,174, respectively for PERS and the State contributed \$889, \$1,031 and \$1,111, 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 \$487,335 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 a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

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

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2021 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2021.

At June 30, 2022, the District reported in the statement of net position (accrual basis) a liability of \$2,598,870 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 0.02194 percent, which was a decrease of 0.00151 percent from its proportionate share measured as of June 30, 2020 of 0.02345 percent.

**TOTOWA 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)**

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$366,739 for PERS. The pension contribution made by the District during the current 2021/2022 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2022 with a measurement date of the prior fiscal year end of June 30, 2021. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2022 for contributions made subsequent to the measurement date. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 40,988	\$ 18,605
Changes of Assumptions	13,535	925,215
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		684,611
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>87,042</u>	<u>380,604</u>
Total	<u>\$ 141,565</u>	<u>\$ 2,009,035</u>

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

<u>Year Ending June 30,</u>	<u>Total</u>
2021	\$ (763,165)
2022	(635,754)
2023	(426,250)
2024	(279,174)
2025	236,873
Thereafter	<u>-</u>
	<u>\$ (1,867,470)</u>



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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

*Mortality Rates*

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

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

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

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

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

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

***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%

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.

**TOTOWA 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)**

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,539,134</u>	<u>\$ 2,598,870</u>	<u>\$ 1,800,923</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2021. A sensitivity analysis specific to the District's net pension liability at June 30, 2021 was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

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

**TOTOWA 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 \$657,850 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2022 the State's proportionate share of the net pension liability attributable to the District is \$27,957,391. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. The nonemployee allocation percentages are based on the ratio of the State's contributions made as and a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2021. At June 30, 2021, the State's share of the net pension liability attributable to the District was 0.05815 percent, which was a decrease of 0.0002 percent from its proportionate share measured as of June 30, 2020 of 0.05835 percent.

**TOTOWA 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.

**TOTOWA 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**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

***Discount Rate***

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

**TOTOWA 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)**

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 33,078,263</u>	<u>\$ 27,957,391</u>	<u>\$ 23,656,180</u>

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2021. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2021 was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

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

**TOTOWA 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)**

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

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

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

**Plan Membership**

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

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

**Measurement Focus and Basis of Accounting**

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

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



**TOTOWA 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 \$591,151, \$539,811 and \$483,321, 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.

**TOTOWA 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**

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

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

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,681,928. 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 \$32,938,009. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2021. At June 30, 2021, the state’s share of the OPEB liability attributable to the District was 0.06 percent, which was the same proportionate share measured as of June 30, 2020 of 0.06 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.

**TOTOWA 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)**

**Actuarial Assumptions (Continued)**

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

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

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

**Health Care Trend Assumptions**

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

**Discount Rate**

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**TOTOWA 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)**

**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	\$ 37,459,107
Changes Recognized for the Fiscal Year:	
Service Cost	1,829,271
Interest on the Total OPEB Liability	854,447
Changes of Benefit Terms	(35,059)
Differences Between Expected and Actual Experience	(6,551,032)
Changes of Assumptions	32,496
Gross Benefit Payments	(673,065)
Contributions from the Member	21,844
Net Investment Income	
<b>Net Changes</b>	<u>\$ (4,521,098)</u>
Balance, June 30, 2021 Measurement Date	<u>\$ 32,938,009</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.

**TOTOWA 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:

	<b>1% Decrease <u>(1.16%)</u></b>	<b>Current Discount Rate <u>(2.16%)</u></b>	<b>1% Increase <u>(3.16%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 39,454,564	\$ 32,938,009	\$ 27,806,613

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 26,663,425	\$ 32,938,009	\$ 41,364,311

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.

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

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

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States. As governments monitor the outbreaks, they have taken various steps to control them through requiring social distancing, masks and business closures and limited openings. As the virus appears to be under control in many areas, many of these restrictions have been lifted although the situation is monitored, sometimes restrictions are reinstated. Several vaccines have been developed and have been administered. Mutant variants have emerged in various places around the world and now are prevalent in the United States. Certain workers are being required to be vaccinated. Companies have developed booster shots, and current vaccines have proven substantially effective against all currently know variants. New treatments are also being developed to avert the worst outcomes. The assessment of the impact of the virus and the ability to control it and its mutant strains is ongoing.

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

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 \$1,924,596 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**



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

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 16,449,075		\$ 16,449,075	\$ 16,449,075	
Tuition	175,000	-	175,000	295,151	\$ 120,151
Interest	5,000	-	5,000	18,243	13,243
Interest Earned - Capital Reserve	25	-	25	36	11
Interest Earned - Unemployment		-		27	27
Miscellaneous	-	-	-	75,553	75,553
<b>Total Local Sources</b>	<u>16,629,100</u>	<u>-</u>	<u>16,629,100</u>	<u>16,838,085</u>	<u>208,985</u>
State Sources					
Special Education Aid	644,102		644,102	644,102	-
Transportation Aid	150,414		150,414	150,414	-
Security Aid	74,363		74,363	74,363	-
Extraordinary Aid				122,813	122,813
Non Public Transportation Reimbursements				14,210	14,210
Maintenance of Equity				262,845	262,845
On-behalf TPAF Pension Payments (Non-Budget) - Pension				2,494,976	2,494,976
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium				35,201	35,201
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.				591,151	591,151
On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins.				889	889
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	487,335	487,335
<b>Total State Sources</b>	<u>868,879</u>	<u>-</u>	<u>868,879</u>	<u>4,878,299</u>	<u>4,009,420</u>
Federal Sources					
Medicaid Reimbursements	32,755	-	32,755	30,228	(2,527)
<b>Total Federal Sources</b>	<u>32,755</u>	<u>-</u>	<u>32,755</u>	<u>30,228</u>	<u>(2,527)</u>
<b>Total Revenues</b>	<u>17,530,734</u>	<u>-</u>	<u>17,530,734</u>	<u>21,746,612</u>	<u>4,215,878</u>
<b>EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	282,060	-	282,060	275,756	6,304
Kindergarten	311,517	-	311,517	298,054	13,463
Grades 1-5	2,170,721	\$ 10,803	2,181,524	1,930,046	251,478
Grades 6-8	2,003,617	(20,295)	1,983,322	1,879,182	104,140
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	10,000	-	10,000	660	9,340
Purchased Professional - Educational Services		44,323	44,323	41,992	2,331
Purchased Technical Services	351,465	(201,191)	150,274	73,209	77,065
Other Purchased Services	118,986	-	118,986	64,241	54,745
General Supplies	197,477	90,306	287,783	256,442	31,341
Textbooks	5,202	(4,808)	394	46	348
Other Objects	11,750	-	11,750	-	11,750
<b>Total Regular Programs - Instruction</b>	<u>5,462,795</u>	<u>(80,862)</u>	<u>5,381,933</u>	<u>4,819,628</u>	<u>562,305</u>
Special Education Instruction					
Learning and Language Disabilities					
Salaries of Teachers	174,147	2,423	176,570	176,570	-
Other Salaries for Instruction	230,100	(2,423)	227,677	61,095	166,582
<b>Total Learning and Language Disabilities</b>	<u>404,247</u>	<u>-</u>	<u>404,247</u>	<u>237,665</u>	<u>166,582</u>

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

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 111,242	\$ 1,346	\$ 112,588	\$ 111,473	\$ 1,115
Other Salaries for Instruction	368,160	(38,114)	330,046	212,616	117,430
Total Multiple Disabilities	479,402	(36,768)	442,634	324,089	118,545
Resource Room/Resource Center					
Salaries of Teachers	321,570	-	321,570	298,968	22,602
Other Salaries for Instruction	-	-	-	-	-
Total Resource Room/Resource Center	321,570	-	321,570	298,968	22,602
Preschool Disabilities-Part-Time					
Salaries of Teachers	100,651	(2,929)	97,722	-	97,722
Other Salaries for Instruction	-	-	-	-	-
Total Preschool Disability-Part-Time	100,651	(2,929)	97,722	-	97,722
Preschool Disabilities-Full-Time					
Salaries of Teachers	28,993	2,929	31,922	31,922	-
Other Salaries for Instruction	46,020	(41,141)	4,879	-	4,879
Total Preschool Disability Full Time	75,013	(38,212)	36,801	31,922	4,879
Total Special Education Instruction	1,380,883	(77,909)	1,302,974	892,644	410,330
Basic Skills/Remedial - Instruction					
Salaries of Teachers	474,171	158,771	632,942	451,059	181,883
Total Basic Skills/Remedial - Instruction	474,171	158,771	632,942	451,059	181,883
School Sponsored Co/Extra Curricular Activities					
Salaries	2,040	-	2,040	-	2,040
Other Objects	5,100	-	5,100	-	5,100
Total School Sponsored Co/Extra Curricular Activities	7,140	-	7,140	-	7,140
Instructional Alternative ED Program					
Salaries of Reading Specialists	144,147	-	144,147	529	143,618
Total Instructional Alternative Ed Program	144,147	-	144,147	529	143,618
Total Instruction	7,469,136	-	7,469,136	6,163,860	1,305,276
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Regular	17,500	4,728	22,228	22,228	-
Tuition to Other LEAs Within the State - Special	289,816	(84,214)	205,602	63,600	142,002
Tuition to Priv. Sch. for the Disabled Within State	513,610	30,871	544,481	191,998	352,483
Total Undistributed Expenditures - Instruction	820,926	(48,615)	772,311	277,826	494,485

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 187,311	\$ 4,590	\$ 191,901	\$ 186,020	\$ 5,881
Purchased Professional and Technical Svcs.	144,100	(74,590)	69,510	5,270	64,240
Supplies and Materials	6,620	-	6,620	6,071	549
	<u>338,031</u>	<u>(70,000)</u>	<u>268,031</u>	<u>197,361</u>	<u>70,670</u>
Total Health Services					
Speech, OT, PT and Related Services					
Salaries	650,027	-	650,027	457,778	192,249
Purchased Professional Educational Services	163,060	-	163,060	9,208	153,852
	<u>813,087</u>	<u>-</u>	<u>813,087</u>	<u>466,986</u>	<u>346,101</u>
Total Speech, OT, PT and Related Services					
Guidance					
Salaries of Other Professional Staff	177,224	(16,920)	160,304	67,658	92,646
Purchased Professional - Educational Services	66,450	16,920	83,370	1,756	81,614
Other Purchased Prof. and Tech. Services	20,700	-	20,700	3,750	16,950
Supplies and Materials	20,325	-	20,325	1,751	18,574
Other Objects	870	-	870	129	741
	<u>285,569</u>	<u>-</u>	<u>285,569</u>	<u>75,044</u>	<u>210,525</u>
Total Guidance					
Child Study Teams					
Salaries of Other Professional Staff	348,611	-	348,611	186,175	162,436
Salaries of Secretarial and Clerical Assistants	59,560	-	59,560	59,560	-
Other Salaries	93,840	-	93,840	54,380	39,460
Other Purchased Professional and Tech. Services	21,660	-	21,660	1,888	19,772
Supplies and Materials	6,450	-	6,450	990	5,460
Other Objects	4,250	-	4,250	2,098	2,152
	<u>534,371</u>	<u>-</u>	<u>534,371</u>	<u>305,091</u>	<u>229,280</u>
Total Child Study Teams					
Improvement of Instructional Services					
Salaries of Secretarial & Clerical Assistants	39,870	-	39,870	39,870	-
Other Salaries	75,000	-	75,000	-	75,000
	<u>114,870</u>	<u>-</u>	<u>114,870</u>	<u>39,870</u>	<u>75,000</u>
Total Improvement of Instructional Services					

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 264,747	-	\$ 264,747	\$ 148,056	\$ 116,691
Supplies and Materials	38,796	-	38,796	2,725	36,071
Total Educational Media Serv./School Library	<u>303,543</u>	<u>-</u>	<u>303,543</u>	<u>150,781</u>	<u>152,762</u>
Instructional Staff Training Services					
Other Purchased Prof. and Tech. Services	180,000	\$ (76,389)	103,611		103,611
Other Purchased Services	14,597	76,389	90,986	4,166	86,820
Total Instructional Staff Training Services	<u>194,597</u>	<u>-</u>	<u>194,597</u>	<u>4,166</u>	<u>190,431</u>
Support Services General Administration					
Salaries	254,726	25,331	280,057	238,291	41,766
Legal Services	30,000	(10,998)	19,002	10,525	8,477
Audit Fees	31,225	-	31,225	28,245	2,980
Other Purchased Professional Services	50,500	20,667	71,167	44,485	26,682
Communications/Telephone	45,432	(297)	45,135	32,382	12,753
Miscellaneous Purchased Services	35,065	297	35,362	21,463	13,899
General Supplies	15,600	-	15,600	7,025	8,575
BOE In-House Training/Meeting Supplies	7,283	-	7,283	1,657	5,626
Miscellaneous Expenditures	16,474	-	16,474	11,831	4,643
Total Support Services General Administration	<u>486,305</u>	<u>35,000</u>	<u>521,305</u>	<u>395,904</u>	<u>125,401</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	465,552	-	465,552	455,000	10,552
Salaries of Secretarial and Clerical Assistants	260,010	-	260,010	260,010	-
Purchased Professional and Technical Svcs.	16,320	-	16,320	9,730	6,590
Supplies and Materials	11,220	50,000	61,220	471	60,749
Other Objects	26,520	20,000	46,520	15,378	31,142
Total Support Services School Administration	<u>779,622</u>	<u>70,000</u>	<u>849,622</u>	<u>740,589</u>	<u>109,033</u>
Central Services					
Salaries	386,078	-	386,078	379,893	6,185
Purchased Professional Services	23,886	1,908	25,794	25,129	665
Misc. Purchased Services	1,230	-	1,230	275	955
Supplies and Materials	7,650	33,092	40,742	5,436	35,306
Miscellaneous Expenditures	1,560	-	1,560	1,165	395
Total Central Services	<u>420,404</u>	<u>35,000</u>	<u>455,404</u>	<u>411,898</u>	<u>43,506</u>

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

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Admin. Info. Tech.					
Salaries	\$ 12,485	-	\$ 12,485	\$ 9,444	\$ 3,041
Other Objects	2,382	-	2,382	-	2,382
Total Admin. Info. Tech	14,867	-	14,867	9,444	5,423
Required Maintenance For School Facilities					
Salaries	98,542	-	98,542	96,000	2,542
Cleaning, Repair and Maintenance Services	277,007	\$ (29,246)	247,761	136,294	111,467
General Supplies	131,566	(5,754)	125,812	110,320	15,492
Other Objects	27,825	-	27,825	5,596	22,229
Total Required Maint. For School Facilities	534,940	(35,000)	499,940	348,210	151,730
Custodial Services					
Salaries	952,417	-	952,417	824,821	127,596
Cleaning, Repair and Maintenance Services	62,010	-	62,010	39,425	22,585
Other Purchased Property Services	22,848	-	22,848	22,848	-
Insurance	91,800	-	91,800	82,809	8,991
General Supplies	65,975	(10,000)	55,975	12,777	43,198
Energy (Natural Gas)	184,000	-	184,000	109,270	74,730
Energy (Electricity)	108,500	-	108,500	79,899	28,601
Other Objects	11,420	-	11,420	7,740	3,680
Total Custodial Services	1,498,970	(10,000)	1,488,970	1,179,589	309,381
Security Services					
Salaries	62,425	(25,000)	37,425	-	37,425
Purchased Professional & Technical Services	163,200	-	163,200	156,060	7,140
Total Security Services	225,625	(25,000)	200,625	156,060	44,565
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & School) - Reg.	35,700	-	35,700	18,686	17,014
Contracted Services - Aid in Lieu Payments - Nonpublic	93,636	-	93,636	52,000	41,636
Contracted Services (Between Home and School) - Vendors	269,909	-	269,909	205,286	64,623
Contracted Services (Other than Between Home and School - Vendors	10,200	(30)	10,170	-	10,170
Contracted Services - (Spl. Ed. Students) - Joint Agreements	493,430	30	493,460	349,041	144,419
Total Student Transportation Services	902,875	-	902,875	625,013	277,862

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

EXPENDITURES	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 205,428	-	\$ 205,428	\$ 198,278	\$ 7,150
TPAF Contributions - ERIP	51,492	-	51,492	27,948	23,544
Other Retirement Contributions - PERS	260,900	-	260,900	256,918	3,982
Other Retirement Contributions - DCRP	26,000	-	26,000	24,323	1,677
Unemployment Compensation	100,000	-	100,000	295	99,705
Workmen's Compensation	250,000	-	250,000	90,285	159,715
Health Benefits	2,740,635	-	2,740,635	2,078,596	662,039
Tuition Reimbursement	10,000	-	10,000	5,367	4,633
Other Employee Benefits	45,000	-	45,000	22,850	22,150
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>3,689,455</b>	<b>-</b>	<b>3,689,455</b>	<b>2,704,860</b>	<b>984,595</b>
On-behalf TPAF Pension Payments (Non-Budget) - Pension				2,494,976	(2,494,976)
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium				35,201	(35,201)
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.				591,151	(591,151)
On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins.				889	(889)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	487,335	(487,335)
<b>Total On-Behalf Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,609,552</b>	<b>(3,609,552)</b>
<b>Total Undistributed Expenditures</b>	<b>11,958,057</b>	<b>(48,615)</b>	<b>11,909,442</b>	<b>11,698,244</b>	<b>211,198</b>
<b>Total Expenditures - Current Expenditures</b>	<b>19,427,193</b>	<b>(48,615)</b>	<b>19,378,578</b>	<b>17,862,104</b>	<b>1,516,474</b>
<b>CAPITAL OUTLAY</b>					
Equipment					
Regular Instruction		-			-
School Administration	9,000	-	9,000		9,000
Required Maintenance for School Facilities	24,000	-	24,000	759	23,241
<b>Total Equipment</b>	<b>33,000</b>	<b>-</b>	<b>33,000</b>	<b>759</b>	<b>32,241</b>
Facilities Acquisition and Construction Services					
Construction Services	2,111,890	-	2,111,890	1,187,302	924,588
Other Purchased Professional and Technical Services	10,000	-	10,000		10,000
Construction Services		-			-
Assessment for Debt Service on SDA Funding	38,436	-	38,436	38,436	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>2,160,326</b>	<b>-</b>	<b>2,160,326</b>	<b>1,225,738</b>	<b>934,588</b>
Increase in Capital Reserve	-	-	-	-	-
Interest Deposit to Capital Reserve	25	-	25	-	25
<b>Total Capital Outlay</b>	<b>2,193,351</b>	<b>-</b>	<b>2,193,351</b>	<b>1,226,497</b>	<b>966,854</b>
Transfer to Charter School	145,949	48,615	194,564	88,602	105,962
<b>Total Expenditures</b>	<b>21,766,493</b>	<b>-</b>	<b>21,766,493</b>	<b>19,177,203</b>	<b>2,589,290</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(4,235,759)	-	(4,235,759)	2,569,409	6,805,168
Other Financing Sources (Uses) Operating Transfer In	-	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	\$ (4,235,759)	\$ -	\$ (4,235,759)	\$ 2,569,409	\$ 6,805,168
Fund Balance, Beginning of Year	<u>13,386,433</u>	<u>-</u>	<u>13,386,433</u>	<u>13,386,433</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 9,150,674</u>	<u>\$ -</u>	<u>\$ 9,150,674</u>	<u>\$ 15,955,842</u>	<u>\$ 6,805,168</u>

**Recapitulation of Fund Balance**

Restricted	
Capital Reserve	\$ 5,974,558
Excess Surplus	4,446,723
Excess Surplus - Designated in Subsequent Year's Budget	4,399,171
Unemployment Compensation	112,816
Unassigned	<u>1,022,574</u>
	15,955,842
Reconciliation to Governmental Funds Statements (GAAP):	
Less: State Aid Payments Not Recognized on GAAP Basis	<u>(205,858)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 15,749,984</u>

**TOTOWA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 126,921	\$ 116,964	\$ 243,885	\$ 232,800	\$ (11,085)
Federal	381,411	827,296	1,208,707	1,171,483	(37,224)
Local Sources	-	-	-	43,888	43,888
	<u>508,332</u>	<u>944,260</u>	<u>1,452,592</u>	<u>1,448,171</u>	<u>(4,421)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	114,460	170,188	284,648	284,648	-
Tuition	168,400	85,786	254,186	254,186	-
Other Purchased Services		208,520	208,520	208,520	-
General Supplies		218,602	218,602	218,387	215
Textbooks	9,334	1,650	10,984	6,469	4,515
Student Activities (Nonbudget)	-	-	-	17,465	(17,465)
	<u>292,194</u>	<u>684,746</u>	<u>976,940</u>	<u>989,675</u>	<u>(12,735)</u>
Support Services					
Salaries		14,464	14,464	14,464	-
Personal Services-Employee Benefits	43,715	85,130	128,845	128,845	-
Purchased Prof./Ed. Services	117,199	127,388	244,587	206,028	38,559
Other Purchased Services	28,204	6,521	34,725	30,720	4,005
Supplies and Materials	27,020	5,355	32,375	32,375	-
	<u>216,138</u>	<u>238,858</u>	<u>454,996</u>	<u>412,432</u>	<u>42,564</u>
Facilities and Acquisition Construction Svcs.					
Equipment - Instructional	-	20,656	20,656	19,641	1,015
	<u>508,332</u>	<u>944,260</u>	<u>1,452,592</u>	<u>1,421,748</u>	<u>30,844</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,423</u>	<u>26,423</u>
Fund Balances, Beginning of Year				<u>108,009</u>	
Fund Balances, End of Year				<u>\$ 134,432</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 134,432</u>	



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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 21,746,612	(C-2) \$ 1,448,171
Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Current Year		
State Aid payment not recognized for budgetary purposes, recognized for GAAP statements - Prior Year	133,138	
State Aid payment and extraordinary aid recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(205,858)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>21,673,892</u>	\$ <u>1,448,171</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>19,177,203</u>	(C-2) \$ <u>1,421,748</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>19,177,203</u>	\$ <u>1,421,748</u>

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

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

**Public Employees Retirement System**

**Last Nine Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02193%	0.02345%	0.02428%	0.02423%	0.02370%	0.02124%	0.02283%	0.02100%	0.02581%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,598,870	\$ 3,823,379	\$ 4,375,964	\$ 4,770,366	\$ 5,516,147	\$ 6,293,075	\$ 5,126,424	\$ 3,931,843	\$ 4,933,157
District's Covered-Employee Payroll	\$ 1,733,427	\$ 1,764,024	\$ 1,735,865	\$ 1,707,445	\$ 1,680,287	\$ 1,619,960	\$ 1,494,545	\$ 1,490,126	\$ 1,665,683
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	149.93%	216.74%	252.09%	279.39%	328.29%	388.47%	343.01%	263.86%	296.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%	48.72%

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

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

TOTOWA BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Nine Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 256,918	\$ 256,484	\$ 236,231	\$ 240,990	\$ 219,522	\$ 188,765	\$ 196,336	\$ 180,156	\$ 194,487
Contributions in Relation to the Contractually Required Contribution	<u>256,918</u>	<u>256,484</u>	<u>236,231</u>	<u>240,990</u>	<u>219,522</u>	<u>188,765</u>	<u>196,336</u>	<u>180,156</u>	<u>194,487</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 1,738,363	\$ 1,733,427	\$ 1,764,024	\$ 1,735,865	\$ 1,707,445	\$ 1,680,287	\$ 1,619,960	\$ 1,494,545	\$ 1,490,126
Contributions as a Percentage of Covered-Employee Payroll	14.77%	14.79%	13.38%	13.87%	12.85%	11.22%	12.11%	12.04%	13.05%

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

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

Teachers Pension and Annuity Fund

Last Nine Fiscal Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 27,957,391</u>	<u>\$ 38,423,903</u>	<u>\$ 39,067,535</u>	<u>\$40,561,924</u>	<u>\$ 47,331,817</u>	<u>\$ 52,964,633</u>	<u>\$ 42,074,874</u>	<u>\$35,984,913</u>	<u>\$ 34,572,836</u>
Total	<u>\$ 27,957,391</u>	<u>\$ 38,423,903</u>	<u>\$ 39,067,535</u>	<u>\$40,561,924</u>	<u>\$ 47,331,817</u>	<u>\$ 52,964,633</u>	<u>\$ 42,074,874</u>	<u>\$35,984,913</u>	<u>\$ 34,572,836</u>
District's Covered-Employee Payroll	\$ 6,846,499	\$ 6,755,974	\$ 6,510,845	\$ 6,240,719	\$ 6,583,720	\$ 6,414,786	\$ 7,027,176	\$ 6,566,592	\$ 6,432,436
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	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%	28.74%	33.64%	33.76%

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

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

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

**Change of Benefit Terms:**           None.

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

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

**Postemployment Health Benefit Plan**

**Last Five Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 1,829,271	\$ 995,994	\$ 989,794	\$ 1,112,205	\$ 1,320,216
Interest on Total OPEB Liability	854,447	830,405	1,052,856	1,148,107	997,819
Changes of Benefit Terms	(35,059)				
Differences Between Expected and Actual Experience	(6,551,032)	6,379,268	(5,212,236)	(3,269,243)	
Changes of Assumptions	32,496	6,842,492	343,578	(3,047,401)	(4,134,865)
Gross Benefit Payments	(673,065)	(652,132)	(707,361)	(710,090)	(873,399)
Contribution from the Member	<u>21,844</u>	<u>19,766</u>	<u>20,968</u>	<u>24,542</u>	<u>32,161</u>
<b>Net Change in Total OPEB Liability</b>	(4,521,098)	14,415,793	(3,512,401)	(4,741,880)	(2,658,068)
<b>Total OPEB Liability - Beginning</b>	<u>37,459,107</u>	<u>23,043,314</u>	<u>26,555,715</u>	<u>31,297,595</u>	<u>33,955,663</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 32,938,009</u>	<u>\$ 37,459,107</u>	<u>\$ 23,043,314</u>	<u>\$26,555,715</u>	<u>\$31,297,595</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>32,938,009</u>	<u>37,459,107</u>	<u>23,043,314</u>	<u>26,555,715</u>	<u>31,297,595</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 32,938,009</u>	<u>\$ 37,459,107</u>	<u>\$ 23,043,314</u>	<u>\$26,555,715</u>	<u>\$31,297,595</u>
District's Covered-Employee Payroll	<u>\$ 8,579,926</u>	<u>\$ 8,519,998</u>	<u>\$ 8,246,710</u>	<u>\$ 7,948,164</u>	<u>\$ 8,264,007</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%

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

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

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



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

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

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

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

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

	ESSA				IDEA Part B		ARP IDEA		CRRSA ESSER II			ARP ESSER III					Page 1 Totals
	Title J	Title I, SIA Part A	Title II-A	Title III	Basic	Preschool	Basic	Preschool	ESSER II	Learning Acceleration	Mental Health	ARP ESSER	Accelerated Learning Coach	Evidence Based Summer Learning	Evidence Based Comprehensive School Day	NJTSS Mental Health	
<b>REVENUES</b>																	
Intergovernmental																	
Federal	\$ 127,976	\$ 14,300	\$ 36,393	\$ 2,979	\$ 265,943	\$ 8,690	\$ 45,168	\$ 4,664	\$ 206,066	\$ 11,172	\$ 20,249	\$ 326,402	\$ 43,335	\$ 13,296	\$ 29,770	\$ 15,080	\$ 1,171,483
State	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 127,976	\$ 14,300	\$ 36,393	\$ 2,979	\$ 265,943	\$ 8,690	\$ 45,168	\$ 4,664	\$ 206,066	\$ 11,172	\$ 20,249	\$ 326,402	\$ 43,335	\$ 13,296	\$ 29,770	\$ 15,080	\$ 1,171,483
<b>EXPENDITURES</b>																	
Instruction																	
Salaries of Teachers	\$ 84,811	\$ 9,862	\$ 21,651	-	-	\$ 8,072	-	\$ 4,333	-	\$ 7,979	-	\$ 98,484	\$ 29,886	\$ 9,170	-	\$ 10,400	\$ 284,648
Tuition	-	-	-	-	\$ 209,018	-	\$ 45,168	-	-	-	-	183,600	-	-	-	-	254,186
General Supplies	-	-	-	-	-	-	-	-	\$ 27,316	-	-	-	-	-	-	-	210,916
Other Purchased Services	-	-	-	-	-	-	-	-	178,750	-	-	-	-	-	\$ 29,770	-	208,520
Textbooks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Student Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	84,811	9,862	21,651	-	209,018	8,072	45,168	4,333	206,066	7,979	-	282,084	29,886	9,170	29,770	10,400	958,270
Support Services																	
Salaries	-	-	-	-	-	-	-	-	-	-	\$ 14,464	-	-	-	-	-	14,464
Personal Services - Employee Benefits	38,165	4,438	9,742	-	-	618	-	331	-	3,193	5,785	44,318	13,449	4,126	-	4,680	128,845
Purchased Prof./Ed. Services	-	-	-	\$ 2,979	56,925	-	-	-	-	-	-	-	-	-	-	-	59,904
Other Purchased Services	5,000	-	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Miscellaneous Purchased Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	43,165	4,438	14,742	2,979	56,925	618	-	331	-	3,193	20,249	44,318	13,449	4,126	-	4,680	213,213
Facilities and Acquisition Construction Svcs.																	
Equipment - Instructional	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 127,976	\$ 14,300	\$ 36,393	\$ 2,979	\$ 265,943	\$ 8,690	\$ 45,168	\$ 4,664	\$ 206,066	\$ 11,172	\$ 20,249	\$ 326,402	\$ 43,335	\$ 13,296	\$ 29,770	\$ 15,080	\$ 1,171,483
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of the Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Chapter 192		Chapter 193				Nonpublic Nursing	Nonpublic Textbook	Nonpublic Security	Nonpublic Technology	Student Activities	Page 1 Totals	Grand Total
	SDA Grant	Comp. Education	Corrective Speech	Exam. & Classification	Supplemental Instruction								
<b>REVENUES</b>													
Intergovernmental													
Federal												\$ 1,171,483	\$ 1,171,483
State	\$ 19,641	\$ 105,704	\$ 13,020	\$ 6,750	\$ 20,650	\$ 20,720	\$ 6,469	\$ 32,375	\$ 7,471			-	232,800
Local Sources	-	-	-	-	-	-	-	-	-		\$ 43,888	-	43,888
<b>Total Revenues</b>	<b>\$ 19,641</b>	<b>\$ 105,704</b>	<b>\$ 13,020</b>	<b>\$ 6,750</b>	<b>\$ 20,650</b>	<b>\$ 20,720</b>	<b>\$ 6,469</b>	<b>\$ 32,375</b>	<b>\$ 7,471</b>	<b>\$ 43,888</b>	<b>\$ 1,171,483</b>	<b>\$ 1,448,171</b>	
<b>EXPENDITURES</b>													
Instruction													
Salaries of Teachers												\$ 284,648	\$ 284,648
Tuition												254,186	254,186
General Supplies									\$ 7,471			210,916	218,387
Other Purchased Services												208,520	208,520
Textbooks							\$ 6,469					-	6,469
Student Activities	-	-	-	-	-	-	-	-	-	\$ 17,465		-	17,465
<b>Total Instruction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,469</b>	<b>-</b>	<b>7,471</b>	<b>17,465</b>	<b>958,270</b>	<b>989,675</b>	
Support Services													
Salaries												14,464	14,464
Personal Services - Employee Benefits												128,845	128,845
Purchased Prof./Ed. Services		\$ 105,704	\$ 13,020	\$ 6,750	\$ 20,650							59,904	206,028
Other Purchased Services						\$ 20,720						10,000	30,720
Miscellaneous Purchased Services								\$ 32,375				-	-
Supplies and Materials	-	-	-	-	-	-	-	-	-	-		-	32,375
<b>Total Support Services</b>	<b>-</b>	<b>105,704</b>	<b>13,020</b>	<b>6,750</b>	<b>20,650</b>	<b>20,720</b>	<b>-</b>	<b>32,375</b>	<b>-</b>	<b>-</b>	<b>213,213</b>	<b>412,432</b>	
Facilities and Acquisition Construction Svcs.													
Equipment - Instructional	\$ 19,641	-	-	-	-	-	-	-	-	-	-	-	19,641
<b>Total Expenditures</b>	<b>\$ 19,641</b>	<b>\$ 105,704</b>	<b>\$ 13,020</b>	<b>\$ 6,750</b>	<b>\$ 20,650</b>	<b>\$ 20,720</b>	<b>\$ 6,469</b>	<b>\$ 32,375</b>	<b>\$ 7,471</b>	<b>\$ 17,465</b>	<b>\$ 1,171,483</b>	<b>\$ 1,421,748</b>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	26,423	-	-	26,423
Fund Balance, Beginning of the Year	-	-	-	-	-	-	-	-	-	108,009	-	-	108,009
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,432	\$ -	\$ -	\$ 134,432

**TOTOWA 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**

**NOT APPLICABLE**

**ENTERPRISE FUND**



**TOTOWA 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**

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

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

**TOTOWA BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF LEASES PAYABLE/FINANCING AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOT APPLICABLE**

TOTOWA BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE 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>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 733,200	-	\$ 733,200	\$ 733,200	-
Total Revenues	<u>733,200</u>	<u>-</u>	<u>733,200</u>	<u>733,200</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	705,000		705,000	705,000	
Interest	<u>28,200</u>	<u>-</u>	<u>28,200</u>	<u>28,200</u>	<u>-</u>
Total Expenditures	<u>733,200</u>	<u>-</u>	<u>733,200</u>	<u>733,200</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

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

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

	Fiscal Year Ended									
	2013	2014 (Restated)	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 3,002,673	\$ 3,340,656	\$ 3,793,083	\$ 4,167,704	\$ 4,485,777	\$ 4,801,155	\$ 5,423,551	\$ 5,804,253	\$ 6,306,897	\$ 7,891,576
Restricted	32,236	21,979	5,687	5,767	5,767	6,124	6,738	2,007,403	4,106,038	6,087,374
Unrestricted	<u>3,044,331</u>	<u>(2,077,189)</u>	<u>(2,502,811)</u>	<u>(2,242,805)</u>	<u>(1,736,407)</u>	<u>(85,496)</u>	<u>1,684,939</u>	<u>2,404,748</u>	<u>3,488,769</u>	<u>4,660,401</u>
<b>Total Governmental Activities Net Position</b>	<u>\$ 6,079,240</u>	<u>\$ 1,285,446</u>	<u>\$ 1,295,959</u>	<u>\$ 1,930,666</u>	<u>\$ 2,755,137</u>	<u>\$ 4,721,783</u>	<u>\$ 7,115,228</u>	<u>\$ 10,216,404</u>	<u>\$ 13,901,704</u>	<u>\$ 18,639,351</u>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets										
Restricted										
Unrestricted	<u>\$ 103,054</u>	<u>\$ 115,227</u>	<u>\$ 110,636</u>	<u>\$ 115,354</u>	<u>\$ 139,795</u>	<u>\$ 169,434</u>	<u>\$ 118,940</u>	<u>\$ 125,348</u>	<u>\$ 156,414</u>	<u>\$ 316,703</u>
<b>Total Business-Type Activities Net Position</b>	<u>\$ 103,054</u>	<u>\$ 115,227</u>	<u>\$ 110,636</u>	<u>\$ 115,354</u>	<u>\$ 139,795</u>	<u>\$ 169,434</u>	<u>\$ 118,940</u>	<u>\$ 125,348</u>	<u>\$ 156,414</u>	<u>\$ 316,703</u>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 3,002,673	\$ 3,340,656	\$ 3,793,083	\$ 4,167,704	\$ 4,485,777	\$ 4,801,155	\$ 5,423,551	\$ 5,804,253	\$ 6,306,897	\$ 7,891,576
Restricted	32,236	21,979	5,687	5,767	5,767	6,124	6,738	2,007,403	4,106,038	6,087,374
Unrestricted	<u>3,147,385</u>	<u>(1,961,962)</u>	<u>(2,392,175)</u>	<u>(2,127,451)</u>	<u>(1,596,612)</u>	<u>83,938</u>	<u>1,803,879</u>	<u>2,530,096</u>	<u>3,645,183</u>	<u>4,977,104</u>
<b>Total District Net Position</b>	<u>\$ 6,182,294</u>	<u>\$ 1,400,673</u>	<u>\$ 1,406,595</u>	<u>\$ 2,046,020</u>	<u>\$ 2,894,932</u>	<u>\$ 4,891,217</u>	<u>\$ 7,234,168</u>	<u>\$ 10,341,752</u>	<u>\$ 14,058,118</u>	<u>\$ 18,956,054</u>

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



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

	Fiscal Year Ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 6,832,422	\$ 6,938,174	\$ 8,621,057	\$ 9,168,993	\$ 10,335,689	\$ 10,708,770	\$ 9,149,053	\$ 8,773,519	\$ 9,286,306	\$ 8,686,585
Special Education	1,897,792	2,075,543	2,396,063	2,182,867	2,500,203	2,048,870	1,979,547	1,660,789	1,567,033	1,883,096
Other Instruction	370,870	262,489	309,226	514,346	217,306	162,033	691,041	633,974	680,308	731,897
School Sponsored Activities And Athletics	3,071	2,025	-			773			11,020	17,465
Support Services:										
Student & Instruction Related Services	2,502,875	2,608,490	2,998,736	3,022,167	3,417,267	3,336,817	3,053,476	2,699,219	2,933,701	2,191,048
General Administration	801,427	757,434	564,468	565,830	605,195	616,877	578,068	604,118	636,704	541,655
School Administrative Services	727,904	837,684	930,742	943,181	1,001,594	1,065,105	1,150,795	1,154,285	1,275,294	1,114,549
Other Support Services	478,021	442,115	459,313	518,059	551,810	623,749	592,734	575,625	604,648	531,949
Plant Operations And Maintenance	1,411,469	1,762,510	1,736,065	1,841,354	2,007,867	2,138,460	2,033,351	1,971,183	2,163,808	1,996,991
Pupil Transportation	381,361	406,677	471,983	514,332	526,669	496,463	480,467	408,969	495,641	630,371
Interest On Long-Term Debt	131,817	117,250	108,632	99,770	90,617	81,202	69,244	50,445	30,901	10,460
<b>Total Governmental Activities Expenses</b>	<u>15,539,029</u>	<u>16,210,391</u>	<u>18,596,285</u>	<u>19,370,899</u>	<u>21,254,217</u>	<u>21,279,119</u>	<u>19,777,776</u>	<u>18,532,126</u>	<u>19,685,364</u>	<u>18,336,066</u>
<b>Business-Type Activities:</b>										
Food Service	354,840	408,029	410,104	430,241	453,086	463,240	534,960	329,168	344,414	558,039
<b>Total Business-Type Activities Expense</b>	<u>354,840</u>	<u>408,029</u>	<u>410,104</u>	<u>430,241</u>	<u>453,086</u>	<u>463,240</u>	<u>534,960</u>	<u>329,168</u>	<u>344,414</u>	<u>558,039</u>
<b>Total District Expenses</b>	<u>\$ 15,893,869</u>	<u>\$ 16,618,420</u>	<u>\$ 19,006,389</u>	<u>\$ 19,801,140</u>	<u>\$ 21,707,303</u>	<u>\$ 21,742,359</u>	<u>\$ 20,312,736</u>	<u>\$ 18,861,294</u>	<u>\$ 20,029,778</u>	<u>\$ 18,894,105</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Instruction (Tuition)	\$ 367,690	\$ 245,546	\$ 249,491	\$ 289,742	\$ 297,706	\$ 442,202	\$ 319,356	\$ 219,278	\$ 129,160	\$ 295,151
Operating Grants And Contributions	2,385,053	2,373,347	4,289,058	4,956,830	6,326,172	6,948,968	5,529,866	4,720,617	6,217,732	5,239,583
Capital Grants And Contributions	-	55,400	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<u>2,752,743</u>	<u>2,674,293</u>	<u>4,538,549</u>	<u>5,246,572</u>	<u>6,623,878</u>	<u>7,391,170</u>	<u>5,849,222</u>	<u>4,939,895</u>	<u>6,346,892</u>	<u>5,534,734</u>
<b>Business-Type Activities:</b>										
Charges For Services										
Food Service	\$ 253,558	\$ 277,756	\$ 260,744	\$ 283,479	\$ 314,176	\$ 325,192	\$ 326,347	\$ 222,772	\$ 1,956	\$ 120,361
Operating Grants And Contributions	105,446	142,198	144,512	151,226	162,906	165,817	154,904	111,108	373,475	597,742
<b>Total Business Type Activities Program Revenues</b>	<u>359,004</u>	<u>419,954</u>	<u>405,256</u>	<u>434,705</u>	<u>477,082</u>	<u>491,009</u>	<u>481,251</u>	<u>333,880</u>	<u>375,431</u>	<u>718,103</u>
<b>Total District Program Revenues</b>	<u>\$ 3,111,747</u>	<u>\$ 3,094,247</u>	<u>\$ 4,943,805</u>	<u>\$ 5,681,277</u>	<u>\$ 7,100,960</u>	<u>\$ 7,882,179</u>	<u>\$ 6,330,473</u>	<u>\$ 5,273,775</u>	<u>\$ 6,722,323</u>	<u>\$ 6,252,837</u>

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

	Fiscal Year Ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (12,786,286)	\$ (13,536,098)	\$ (14,057,736)	\$ (14,124,327)	\$ (14,630,339)	\$ (13,887,949)	\$ (13,928,554)	\$ (13,592,231)	\$ (13,338,472)	\$ (12,801,332)
Business-Type Activities	4,164	11,925	(4,848)	4,464	23,996	27,769	(53,709)	4,712	31,017	160,064
<b>Total District-Wide Net Expense</b>	<b>\$ (12,782,122)</b>	<b>\$ (13,524,173)</b>	<b>\$ (14,062,584)</b>	<b>\$ (14,119,863)</b>	<b>\$ (14,606,343)</b>	<b>\$ (13,860,180)</b>	<b>\$ (13,982,263)</b>	<b>\$ (13,587,519)</b>	<b>\$ (13,307,455)</b>	<b>\$ (12,641,268)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 12,791,105	\$ 13,046,927	\$ 13,307,866	\$ 13,996,370	\$ 14,546,578	\$ 14,975,218	\$ 15,416,258	\$ 15,810,337	\$ 16,126,544	\$ 16,449,075
Taxes Levied For Debt Service	657,058	728,724	707,837	722,700	725,750	723,200	720,200	725,600	719,800	733,200
Investment Earnings	12,381	15,145	10,994	9,879	17,787	68,427	146,987	121,632	7,059	18,306
Federal and State Aid - Unrestricted	-	-	20,320	19,382	30,485	27,776	4,550	-	-	262,845
State Aid Restricted for Debt Service	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	25,014	20,343	13,232	10,703	134,210	59,974	34,004	35,838	27,047	75,553
Accrued Interest on Bonds	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>13,485,558</b>	<b>13,811,139</b>	<b>14,060,249</b>	<b>14,759,034</b>	<b>15,454,810</b>	<b>15,854,595</b>	<b>16,321,999</b>	<b>16,693,407</b>	<b>16,880,450</b>	<b>17,538,979</b>
Business-Type Activities:										
Investment Earnings	154	248	257	254	445	1,870	3,215	1,696	49	225
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>154</b>	<b>248</b>	<b>257</b>	<b>254</b>	<b>445</b>	<b>1,870</b>	<b>3,215</b>	<b>1,696</b>	<b>49</b>	<b>225</b>
<b>Total District-Wide</b>	<b>\$ 13,485,712</b>	<b>\$ 13,811,387</b>	<b>\$ 14,060,506</b>	<b>\$ 14,759,288</b>	<b>\$ 15,455,255</b>	<b>\$ 15,856,465</b>	<b>\$ 16,325,214</b>	<b>\$ 16,695,103</b>	<b>\$ 16,880,499</b>	<b>\$ 17,539,204</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 699,272	\$ 275,041	\$ 2,513	\$ 634,707	\$ 824,471	\$ 1,966,646	\$ 2,393,445	\$ 3,101,176	\$ 3,541,978	\$ 4,737,647
Business-Type Activities	4,318	12,173	(4,591)	4,718	24,441	29,639	(50,494)	6,408	31,066	160,289
	<u>703,590</u>	<u>287,214</u>	<u>(2,078)</u>	<u>639,425</u>	<u>848,912</u>	<u>1,996,285</u>	<u>2,342,951</u>	<u>3,107,584</u>	<u>3,573,044</u>	<u>4,897,936</u>
Transfer Out	-	-	-	-	-	-	-	-	-	-
<b>Net Change in Net Position</b>										
Governmental Activities	\$ 699,272	\$ 275,041	\$ 2,513	\$ 634,707	\$ 824,471	\$ 1,966,646	\$ 2,393,445	\$ 3,101,176	\$ 3,541,978	\$ 4,737,647
Business-Type Activities	4,318	12,173	(4,591)	4,718	24,441	29,639	(50,494)	6,408	31,066	160,289
<b>Total District</b>	<b>\$ 703,590</b>	<b>\$ 287,214</b>	<b>\$ (2,078)</b>	<b>\$ 639,425</b>	<b>\$ 848,912</b>	<b>\$ 1,996,285</b>	<b>\$ 2,342,951</b>	<b>\$ 3,107,584</b>	<b>\$ 3,573,044</b>	<b>\$ 4,897,936</b>

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

	Fiscal Year Ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Reserved										
Unreserved										
Restricted	\$ 3,242,443	\$ 2,964,438	\$ 2,371,990	\$ 2,739,805	\$ 3,580,215	\$ 5,310,412	\$ 7,124,456	\$ 10,065,331	\$ 12,740,968	\$ 14,933,268
Committed										
Assigned	5,963	108,056	111,499	162,500	182,158	350,789	247,040	44,806		-
Unassigned	<u>243,680</u>	<u>265,039</u>	<u>302,136</u>	<u>348,245</u>	<u>287,057</u>	<u>233,986</u>	<u>265,066</u>	<u>218,546</u>	<u>512,327</u>	<u>816,716</u>
Total General Fund	<u>\$ 3,492,086</u>	<u>\$ 3,337,533</u>	<u>\$ 2,785,625</u>	<u>\$ 3,250,550</u>	<u>\$ 4,049,430</u>	<u>\$ 5,895,187</u>	<u>\$ 7,636,562</u>	<u>\$ 10,328,683</u>	<u>\$ 13,253,295</u>	<u>\$ 15,749,984</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	\$ 16,770	\$ 16,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,009	\$ 134,432
Total All Other Governmental Funds	<u>\$ 16,770</u>	<u>\$ 16,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,009</u>	<u>\$ 134,432</u>

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

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax Levy	\$ 13,448,163	\$ 13,775,651	\$ 14,015,703	\$ 14,719,070	\$ 15,272,328	\$ 15,698,418	\$ 16,136,458	\$ 16,535,937	\$ 16,846,344	\$ 17,182,275
Tuition Charges	367,690	245,546	249,491	289,742	297,706	442,202	319,356	219,278	129,160	295,151
Interest Earnings	12,381	15,145	10,994	9,879	17,787	68,427	146,987	121,632	7,059	18,306
Miscellaneous	22,122	20,343	13,232	10,703	134,210	59,974	34,004	35,838	49,060	119,441
State Sources	2,024,056	1,974,276	2,462,904	2,425,229	2,750,591	2,895,975	3,380,070	3,595,088	3,749,476	5,038,379
Federal Sources	360,997	399,071	278,048	520,988	416,130	500,135	519,087	237,227	690,333	1,201,711
<b>Total Revenue</b>	<b>16,235,409</b>	<b>16,430,032</b>	<b>17,030,372</b>	<b>17,975,611</b>	<b>18,888,752</b>	<b>19,665,131</b>	<b>20,535,962</b>	<b>20,745,000</b>	<b>21,471,432</b>	<b>23,855,263</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	6,593,278	6,727,427	7,294,863	7,477,460	7,771,056	8,117,128	7,970,137	7,854,479	8,003,075	9,064,961
Special Education Instruction	1,896,073	2,070,969	2,299,097	2,050,758	2,284,131	1,782,556	1,859,526	1,591,975	1,456,977	2,013,865
Other Instruction	371,277	262,304	267,071	426,454	165,252	123,298	609,815	584,263	601,525	802,389
School Sponsored Activities and Athletics	3,074	2,025	-	-	-	680	-	-	11,019	17,465
<b>Support Services:</b>										
Student and Inst. Related Services	2,477,292	2,579,919	2,753,874	2,653,200	2,782,525	2,690,454	2,758,440	2,529,852	2,645,719	2,339,044
General Administration	770,520	726,658	530,967	524,863	547,874	540,515	535,283	573,170	582,333	536,225
School Administrative Services	714,698	823,505	837,253	817,145	808,004	850,713	1,035,423	1,084,021	1,145,532	1,204,785
Plant Operations And Maintenance	1,403,577	1,753,108	1,760,685	1,803,898	1,900,429	1,944,303	1,968,310	1,979,800	2,095,285	2,097,210
Pupil Transportation	381,361	406,677	474,324	513,853	524,751	492,277	479,389	409,335	494,673	633,002
Other Support Services	464,653	428,316	465,525	499,580	506,600	544,131	563,336	575,480	572,794	587,809
Capital Outlay	79,089	74,953	190,784	20,775	73,500	10,119	294,728	144,904	253,401	1,302,196
<b>Debt Service:</b>										
Principal	508,502	538,822	550,000	565,000	585,000	600,000	615,000	645,000	665,000	705,000
Interest and Other Charges	222,278	190,309	174,200	157,700	140,750	123,200	105,200	80,600	54,800	28,200
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>15,885,672</b>	<b>16,584,992</b>	<b>17,598,643</b>	<b>17,510,686</b>	<b>18,089,872</b>	<b>17,819,374</b>	<b>18,794,587</b>	<b>18,052,879</b>	<b>18,582,133</b>	<b>21,332,151</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	349,737	(154,960)	(568,271)	464,925	798,880	1,845,757	1,741,375	2,692,121	2,889,299	2,523,112
<b>Other Financing Sources (Uses)</b>										
Serial Bond Proceeds										
Premium Interest on Bonds										
Payment to Refunded Bond Escrow Agent										
Cancellation of Unexpended SDA Grant	2,892									
Transfers In	18,636	14,131	48	48	76	70				
Transfers Out	(18,636)	(14,131)	(48)	(48)	(76)	(70)				
<b>Total Other Financing Sources (Uses)</b>	<b>2,892</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 352,629</b>	<b>\$ (154,960)</b>	<b>\$ (568,271)</b>	<b>\$ 464,925</b>	<b>\$ 798,880</b>	<b>\$ 1,845,757</b>	<b>\$ 1,741,375</b>	<b>\$ 2,692,121</b>	<b>\$ 2,889,299</b>	<b>\$ 2,523,112</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	4.62%	4.42%	4.16%	4.13%	4.03%	4.06%	3.89%	4.05%	3.93%	3.66%

\* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended <u>June 30</u>	<u>Tuition</u>	Interest on <u>Deposits</u>	<u>Donation</u>	Insurance <u>Refund</u>	Student <u>Activities</u>	<u>Misc.</u>	<u>Total</u>
2022	\$ 295,151	\$ 18,306			\$ 43,888	\$ 75,553	\$ 432,898
2021	129,160	7,059			22,013	27,047	185,279
2020	219,278	121,632				35,838	376,748
2019	319,356	146,987				34,004	500,347
2018	442,202	68,427	\$ 46,680			13,294	570,603
2017	297,706	17,787	72,800	\$ 45,273		16,137	449,703
2016	289,742	9,831				10,703	310,276
2015	249,491	10,994				13,232	273,717
2014	245,546	15,145				20,343	281,034
2013	367,690	12,381				22,122	402,193

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2013	\$ 27,680,700	\$ 1,375,565,900	\$ 900,400	\$ 2,800	\$ 604,639,000	\$ 330,052,800	N/A	\$ 2,338,841,600	\$ 2,405,947	\$ 2,341,247,547	\$ 2,113,230,027	\$ 0.588
2014	44,455,000	1,360,013,300	900,400	2,800	602,371,000	289,825,800	N/A	2,297,568,300	1,910,636	2,299,478,936	1,971,601,591	0.610
2015	44,758,200	1,357,951,300	900,400	2,800	612,756,900	289,562,300	N/A	2,305,931,900	2,290,124	2,308,222,024	2,156,561,331	0.638
2016	44,294,000	1,357,290,700	900,400	2,800	602,952,000	288,411,200	N/A	2,293,851,100	2,246,233	2,296,097,333	2,216,310,167	0.665
2017	40,939,100	1,356,147,900	900,400	2,800	598,416,900	274,566,700	N/A	2,270,973,800	2,380,814	2,273,354,614	2,114,303,882	0.691
2018	41,158,100	1,360,295,200	900,400	2,800	546,783,500	325,748,700	\$ 356,700	2,275,245,400	-	2,275,245,400	2,118,280,793	0.710
2019	39,230,900	1,367,903,100	900,400	2,800	563,532,600	339,352,600	2,398,200	2,313,320,600	-	2,313,320,600	2,153,729,262	0.715
2020	64,653,500	1,368,634,500	900,400	2,400	589,859,500	366,153,400	6,242,400	2,396,446,100	-	2,396,446,100	2,231,120,101	0.703
2021	60,321,800	1,369,405,200	900,400	4,100	615,337,900	377,154,700	8,642,400	2,431,766,500	-	2,431,766,500	2,377,904,633	0.707
2022	43,862,000	1,370,625,800	900,400	4,200	649,604,400	382,633,600	21,899,500	2,469,529,900	-	2,469,529,900	2,299,161,996	0.682

Source: County Abstract of Ratables

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

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Regional School District</u>	<u>Municipality</u>	<u>County</u>
2022	\$ 2.438	\$ 0.682	\$ 0.430	\$ 0.593	\$ 0.733
2021	2.379	0.707	0.439	0.594	0.639
2020	2.422	0.703	0.457	0.584	0.678
2019	2.388	0.715	0.458	0.563	0.652
2018	2.383	0.710	0.438	0.553	0.682
2017	2.359	0.691	0.426	0.554	0.688
2016	2.349	0.665	0.418	0.543	0.723
2015	2.284	0.638	0.404	0.534	0.708
2014	2.122	0.610	0.397	0.524	0.591
2013	2.103	0.588	0.401	0.512	0.602

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

2022			2013		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
JP Morgan Chase C/O Lereta	\$ 79,761,900	3.23%	Totowa VF, LLC	\$ 56,501,300	2.41%
Totowa VF LLC C/O Vornado Realty Trust	54,000,000	2.19%	Fidelity Syndications	46,000,000	1.96%
Fidelity Syn. C/O Slater Companies	45,180,800	1.83%	Digital Totowa, LLC	32,485,800	1.39%
CPT NJ 700 Union LLC	41,377,100	1.68%	930 N. Riverview Assoc LLC	24,424,700	1.04%
Digital Totowa LLC	41,235,400	1.67%	Abill Realty	22,365,000	0.96%
Prologis USLV Operating PTR LP	23,271,900	0.94%	50 Madison Road LLC	18,928,400	0.81%
Abill Realty Corp.	22,365,000	0.91%	Norwell Land Company	18,500,000	0.79%
50 Madison Road LLC	18,928,400	0.77%	Totowa Plaza Rt 46 LLC	18,355,800	0.78%
The Manor at Totowa LLC	17,310,000	0.70%	Totowa Plaza Rt 46 LLC	17,711,500	0.76%
Tulfra Hampshire S.S. C/O Paragram	15,600,000	0.63%	Taft Associates	16,920,000	0.72%
	<u>\$ 359,030,500</u>	<u>11.31%</u>		<u>\$ 272,192,500</u>	<u>11.63%</u>

Source: Municipal Tax Assessor



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

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 13,448,163	\$ 13,448,163	100.00%	
2014	13,775,651	13,775,651	100.00%	
2015	14,015,703	14,015,703	100.00%	
2016	14,719,070	14,719,070	100.00%	
2017	15,272,328	15,272,328	100.00%	
2018	15,698,418	15,698,418	100.00%	
2019	16,136,458	16,136,458	100.00%	
2020	16,535,937	16,535,937	100.00%	
2021	16,846,344	16,846,344	100.00%	
2022	17,182,275	17,182,275	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Intergovernmental Loan	Capital Leases			
2013	\$ 5,460,000			\$ 8,822		\$ 5,468,822	10,861	\$ 504
2014	4,930,000			-		4,930,000	10,797	457
2015	4,380,000			-		4,380,000	10,808	405
2016	3,815,000			-		3,815,000	10,810	353
2017	3,230,000			-		3,230,000	10,817	299
2018	2,630,000			-		2,630,000	10,804	243
2019	2,015,000			-		2,015,000	10,792	187
2020	1,370,000			-		1,370,000	10,797	127
2021	705,000			-		705,000	10,917	65
2022	-			-		-	10,917 *	-

Source: District records

\* - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2013	\$ 5,460,000		\$ 5,460,000	0.23%	\$ 503
2014	4,930,000		4,930,000	0.21%	457
2015	4,380,000		4,380,000	0.19%	405
2016	3,815,000		3,815,000	0.17%	353
2017	3,230,000		3,230,000	0.14%	299
2018	2,630,000		2,630,000	0.12%	243
2019	2,015,000		2,015,000	0.09%	187
2020	1,370,000		1,370,000	0.06%	127
2021	705,000		705,000	0.03%	65
2022	-		-	0.00%	-

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**TOTOWA BOARD OF EDUCATION**  
**COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT**  
**FOR YEAR ENDED DECEMBER 31, 2021**  
**(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Totowa School District	\$ 705,000	\$ 705,000	
Regional School District	790,129	790,129	
Borough of Totowa	<u>1,312,565</u>	<u>235,000</u>	<u>\$ 1,077,565</u>
	<u>\$ 2,807,694</u>	<u>\$ 1,730,129</u>	<u>1,077,565</u>
Overlapping Debt Apportioned to the Municipality:			
Passaic County: (2) and (3)			
County of Passaic (A)			23,985,130
Passaic County Utilities Authority (B)			1,946,976
Passaic Valley Sewerage Commission (B)			<u>3,866,048</u>
			<u>29,798,154</u>
Total Direct and Overlapping Debt			<u>\$ 30,875,719</u>

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

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

Sources:

- (1) Borough of Totowa 2021 Annual Debt Statement
- (2) PCUA 2021 Audit
- (3) PVSC 2021 Audit

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

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized valuation basis
	2021 \$ 2,821,729,520
	2020 2,331,853,751
	2019 2,375,560,279
	<u>\$ 7,529,143,550</u>
	Average equalized valuation of taxable property \$ 2,509,714,517
	Debt limit (3 % of average equalization value) 75,291,436
	Total Net Debt Applicable to Limit -
	<u>\$ 75,291,436</u>

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 69,964,649	\$ 64,996,589	\$ 62,960,592	\$ 63,776,123	D \$ 65,078,636	\$ 65,002,021	\$ 64,027,858	\$ 66,427,432	\$ 68,358,007	\$ 75,291,436
Total Net Debt Applicable to Limit	<u>5,468,822</u>	<u>4,930,000</u>	<u>4,380,000</u>	<u>3,815,000</u>	Ti <u>3,230,000</u>	<u>2,630,000</u>	<u>2,015,000</u>	<u>1,370,000</u>	<u>705,000</u>	<u>-</u>
Legal Debt Margin	<u>\$ 64,495,827</u>	<u>\$ 60,066,589</u>	<u>\$ 58,580,592</u>	<u>\$ 59,961,123</u>	# <u>\$ 61,848,636</u>	<u>\$ 62,372,021</u>	<u>\$ 62,012,858</u>	<u>\$ 65,057,432</u>	<u>\$ 67,653,007</u>	<u>\$ 75,291,436</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.82%	7.59%	6.96%	5.98%	4.96%	4.05%	3.15%	2.06%	1.03%	0.00%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>School District Population</u>
2021	7.7%	N/A	10,917
2020	12.0%	\$ 55,775	10,797
2019	4.3%	52,129	10,792
2018	5.0%	50,570	10,804
2017	5.2%	48,152	10,817
2016	5.3%	47,547	10,810
2015	5.9%	46,840	10,808
2014	6.8%	45,053	10,797
2013	8.2%	43,120	10,861
2012	7.3%	42,804	10,903

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

N/A - Updated information not available

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

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

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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	65	68	67	68	69	68	70	68	68	62
Special Education	20	13	13	17	16	8	6	7	7	12
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	13	17	11	13	14	15	15	14	13	13
General Administration	9	2	2	2	2	2	2	2	2	1
School Administrative Services	9	9	13	8	7	8	9	9	9	9
Other Administrative Services										
Central Services	4	4	4	4	4	4	4	4	4	4
Administrative Information Technology										
Plant Operations And Maintenance	13	15	17	17	17	18	18	16	18	16
Pupil Transportation										
Other Support Services										
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	<u>133</u>	<u>128</u>	<u>127</u>	<u>129</u>	<u>129</u>	<u>123</u>	<u>124</u>	<u>120</u>	<u>121</u>	<u>117</u>

Source: District Personnel Records



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

Pupil/Teacher Ratio

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff			Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Elementary	Middle School						
2013	1,013	\$ 15,075,803	\$ 14,882	1.37%	85	1:12		N/A	1,015	962	2.53%	94.78%
2014	1,059	15,747,891	14,871	-0.08%	87	1:12		N/A	1,057	1,008	4.14%	95.36%
2015	1,083	16,683,659	15,405	3.59%	85	1:12		N/A	1,071	1,022	1.32%	95.42%
2016	1,099	16,767,211	15,257	-0.96%	86	1:12		N/A	1,084	1,035	1.21%	95.48%
2017	1,057	17,290,622	16,358	7.22%	85	1:12		N/A	1,043	995	-3.78%	95.40%
2018	1,040	17,086,055	16,429	0.43%	76	1:12		N/A	1,015	967	-2.68%	95.27%
2019	975	17,779,659	18,236	11.00%	76	1:12		N/A	970	930	-4.43%	95.88%
2020	938	17,182,375	18,318	0.45%	75	1:12		N/A	986	955	1.65%	96.86%
2021	908	17,608,932	19,393	5.87%	75	1:12		N/A	913	886	-7.40%	97.04%
2022	943	19,296,755	20,463	5.52%	74	1:12		N/A	933	883	2.19%	94.64%

Sources: District records

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Square Feet Capacity (students)	62,152	62,152	62,152	62,152	62,152	62,152	62,152	62,152	62,152	62,152
Enrollment	350	395	414	404	373	387	354	294	291	416
<b><u>Middle School</u></b>										
Square Feet Capacity (students)	89,822	89,822	89,822	89,822	89,822	89,822	89,822	89,822	89,822	89,822
Enrollment	660	662	669	688	684	647	621	644	617	520
Number of Schools at June 30, 2022										
Elementary =	1	1	1	1	1	1	1	1	1	1
Middle School =	1	1	1	1	1	1	1	1	1	1
Senior High School =										
Other =										

Source: District Records

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

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES

		<u>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>	<u>2013</u>
School Facilities	Project #										
Memorial School	N/A	\$ 137,160	\$ 151,010	\$ 141,560	\$ 115,331	\$ 116,820	\$ 127,120	\$ 125,183	\$ 117,348	\$ 89,731	\$ 92,804
Washington Park School	N/A	<u>211,050</u>	<u>201,228</u>	<u>139,233</u>	<u>135,880</u>	<u>113,295</u>	<u>116,959</u>	<u>121,082</u>	<u>111,115</u>	<u>110,358</u>	<u>150,263</u>
Grand Total		<u>\$ 348,210</u>	<u>\$ 352,238</u>	<u>\$ 280,793</u>	<u>\$ 251,211</u>	<u>\$ 230,115</u>	<u>\$ 244,079</u>	<u>\$ 246,265</u>	<u>\$ 228,463</u>	<u>\$ 200,089</u>	<u>\$ 243,067</u>

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Source: School District Financial Statements

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

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

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 Education  
Totowa Board of Education  
Totowa, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund of the Totowa 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 Totowa Board of Education’s basic financial statements and have issued our report thereon dated February 6, 2023.

#### **Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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


### **Purpose of this Report**

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



LERCH, VINCI & BLISS, LLP

Certified Public Accountants  
Public School Accountants



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
February 6, 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  
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 COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE  
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS  
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

We have audited the Totowa 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 Totowa Board of Education's major federal and state programs for the fiscal year ended June 30, 2022. The Totowa Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Totowa 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 Totowa 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 Totowa 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 Totowa 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 Totowa 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 Totowa 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 Totowa 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 Totowa 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 Totowa 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 Totowa 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 February 6, 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  
February 6, 2023

TOTOWA BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal/Grantor/Pass-Through Grantor Program Title	Federal AL Number	FAIN Number	Grant Period	Award Amount	Balance, July 1, 2021	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment	Balance, June 30, 2022			MEMO GAAP Receivable
										Accounts Receivable	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Agriculture</b>													
<b>Passed-Through State Dept. of Education</b>													
<i>Enterprise Fund</i>													
School Breakfast Program	10.553	221NJ304N1099	7/1/21-6/30/22	\$ 16,755			\$ 14,538	\$ 16,755		\$ (2,217)			\$ 2,217
School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	126,188	\$ (8,468)		8,468						
Food Distribution Program													
Non-Cash Assistance	10.555	221NJ304N1099	7/1/21-6/30/22	35,929			35,929	35,635		\$ 294			
Non-Cash Assistance	10.555	211NJ304N1099	7/1/20-6/30/21	32,088	207			207					
Cash Assistance	10.555	221NJ304N1099	7/1/21-6/30/22	533,655			466,533	533,655		(67,122)			67,122
Cash Assistance	10.555	211NJ304N1099	7/1/20-6/30/21	206,115	(38,473)		38,473						
<b>Total U.S. Department of Agriculture</b>					<b>(46,734)</b>	<b>-</b>	<b>563,941</b>	<b>586,252</b>	<b>-</b>	<b>(69,339)</b>	<b>294</b>	<b>-</b>	<b>69,339</b>
<b>U.S. Department of Education</b>													
<i>General Fund</i>													
Special Education Medicaid Reimbursement	93.778	2205NJ5MAP	7/1/21-6/30/22	30,228	-		25,381	30,228	-	(4,847)	-	-	4,847
<b>Total General Fund</b>					<b>-</b>	<b>-</b>	<b>25,381</b>	<b>30,228</b>	<b>-</b>	<b>(4,847)</b>	<b>-</b>	<b>-</b>	<b>4,847</b>
<b>U.S. Department of Education</b>													
<b>Passed-Through State Dept. of Education</b>													
<i>Special Revenue Fund</i>													
I.D.E.A. Part B, Basic Regular	84.027	H027A200100	7/1/21-9/30/22	253,807		35,676	252,633	265,943	(35,676)	(36,850)	23,540		13,310
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	7/1/20-9/30/21	263,474	(3,210)	(35,676)	3,210		35,676				
I.D.E.A. Part B, Preschool	84.173	H173A200114	7/1/21-9/30/22	8,690			8,110	8,690		(580)	-		580
ARP - I.D.E.A. Part B, Basic Regular	84.027X	H027X210100	7/1/21-9/30/22	54,847			45,168	45,168		(9,679)	9,679		-
ARP - I.D.E.A. Part B, Preschool	84.173X	H173X210114	7/1/21-9/30/22	4,664			4,664	4,664		-	-		-
<b>Cluster Total - Special Education</b>					<b>(3,210)</b>	<b>-</b>	<b>313,785</b>	<b>324,465</b>	<b>-</b>	<b>(47,109)</b>	<b>33,219</b>	<b>-</b>	<b>13,890</b>
ESSA - Title I	84.010	S010A200030	7/1/21-9/30/22	127,927		3,066	119,186	127,976	\$ (3,066)	(11,807)	3,017		8,790
ESSA - Title I	84.010	S010A190030	7/1/20-9/30/21	163,881		(3,066)			3,066				
ESSA - Title I SIA	84.010	S010A200030	7/1/21-9/30/22	14,300			13,346	14,300		(954)	-		954
ESSA - Title II-A	84.367	S367A200029	7/1/21-6/30/22	34,878		2,503	33,869	36,393	(2,503)	(3,512)	988		2,524
ESSA - Title II-A	84.367	S367A190029	7/1/20-6/30/21	39,117		(2,503)			2,503				
ESSA - Title III	84.365A	S365A200030	7/1/21-6/30/22	1,540		1,439	1,537	2,979	(1,439)	(1,442)	-		1,442
ESSA - Title III	84.365A	S365A190030	7/1/20-6/30/21	1,439		(1,439)			1,439				-
<b>Total - ESSA</b>					<b>-</b>	<b>-</b>	<b>167,938</b>	<b>181,648</b>	<b>-</b>	<b>(17,715)</b>	<b>4,005</b>	<b>-</b>	<b>13,710</b>

TOTOWA BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal/Grantor/Pass-Through Grantor Program Title	Federal AL Number	FAIN Number	Grant Period	Award Amount	Balance, July 1, 2021	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment	Balance, June 30, 2022			MEMO GAAP Receivable
										Accounts Receivable	Unearned Revenue	Due to Grantor	
<i>Elementary and Secondary School Emergency Relief (ESSER II)</i>													
<i>Coronavirus Aid, Relief, and Economic Security (CARES) Act</i>													
CARES	84.425	S425D200027	3/13/20-9/30/22	\$ 137,405	-	\$ 611			\$ (611)	\$ (611)	\$ 611		
<i>Elementary and Secondary School Emergency Relief (ESSER II)</i>													
<i>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act</i>													
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	464,282			\$ 206,066	\$ 206,066		(258,216)	258,216		-
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	29,795			11,172	11,172		(18,623)	18,623		-
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000			20,249	20,249		(24,751)	24,751		-
<i>Elementary and Secondary School Emergency Relief (ESSER III)</i>													
<i>American Rescue Plan (ARP)</i>													
ARP-ESSER III	84.425U	S425U210027	3/13/20-9/30/24	1,043,443			326,402	326,402		(717,041)	717,041		
Accelerated Learning Coach	84.425U	S425U210027	3/13/20-9/30/24	79,671			43,335	43,335		(36,336)	36,336		
Evidence Based Summer	84.425U	S425U210027	3/13/20-9/30/24	40,000			13,296	13,296		(26,704)	26,704		
Evidence Based Comprehensive	84.425U	S425U210027	3/13/20-9/30/24	40,000			29,770	29,770		(10,230)	10,230		
NJTSS Mental Health	84.425U	S425U210027	3/13/20-9/30/24	45,000			15,080	15,080		(29,920)	29,920		
Total - Covid Grants					-	-	665,370	665,370	-	(1,122,432)	1,122,432	-	-
Total Special Revenue Fund					(3,210)	-	1,147,093	1,171,483	-	(1,187,256)	1,159,656	-	\$ 27,600
Total Federal Awards					\$ (49,944)	\$ -	\$ 1,736,415	\$ 1,787,963	\$ -	\$ (1,261,442)	1,159,950	\$ -	101,786

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

TOTOWA BOARD OF EDUCATION  
 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, June 30, 2021			Budgetary Expenditures	Adjustment/ Refund of Prior Years' Balances	Balance, June 30, 2022			MEMO	
				(Accounts Receivable)/ Deferred Revenue	Due to Grantor	Cash Received			Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Expenditures
<b>State Department of Education</b>													
<i>General Fund</i>													
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 644,102			\$ 582,541	\$ 644,102		\$ (61,561)			*	\$ 644,102
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	521,939	\$ (49,507)		49,507						*	-
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	74,363			67,256	74,363		(7,107)			*	74,363
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	74,363	(7,054)		7,054						*	-
Maintenance of Equity Aid		7/1/21-6/30/22	262,845				262,845		(262,845)			*	262,845
Cluster Total - State Aid Public				(56,561)	-	706,358	981,310	-	(331,513)	-	-	*	262,845
Transportation Aid	22-495-034-5120-015	7/1/21-6/30/22	150,414			136,038	150,414		(14,376)			*	150,414
Transportation Aid	21-495-034-5120-015	7/1/20-6/30/21	150,414	(14,267)		14,267						*	-
Non Public Transportation Reimb.	N/A	7/1/21-6/30/22	14,210				14,210		(14,210)			*	14,210
Non Public Transportation Reimb.	N/A	7/1/20-6/30/21	12,760	(12,760)		12,760						*	-
Cluster Total - Transportation Aid				(27,027)	-	163,065	164,624	-	(28,586)	-	-	*	14,210
Extraordinary Aid	22-100-034-5120-473	7/1/21-6/30/22	122,813				122,813					*	122,813
Extraordinary Aid	21-100-034-5120-473	7/1/20-6/30/21	62,310	(62,310)		62,310						*	-
On-Behalf TPAF - Pension	22-495-034-5094-002	7/1/21-6/30/22	2,494,976			2,494,976	2,494,976					*	2,494,976
On Behalf TPAF - NCGI Premium	22-100-034-5094-004	7/1/21-6/30/22	35,201			35,201	35,201					*	35,201
On Behalf TPAF - Post Ret. Med.	22-495-034-5094-001	7/1/21-6/30/22	591,151			591,151	591,151					*	591,151
On Behalf TPAF - LTDI	22-100-034-5094-004	7/1/21-6/30/22	889			889	889					*	889
Reimbursed TPAF Social Security	21-495-034-5094-003	7/1/21-6/30/22	487,335			438,792	487,335		(48,543)			*	48,543
Reimbursed TPAF Social Security	21-495-034-5094-003	7/1/20-6/30/21	473,080	(45,708)	-	45,708						*	-
Total General Fund				(191,606)	-	4,538,450	4,878,299	-	(531,455)	-	-	*	325,598
<i>Special Revenue Fund</i>													
Chapter 192 - Auxiliary Services													
ESL	22-100-034-5120-067	7/1/21-6/30/22	1,279			1,279				\$ 1,279		*	-
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	105,704			105,704	105,704					*	105,704
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	101,026		14,432			14,432				*	-
Cluster Total - Chapter 192				-	14,432	106,983	105,704	14,432	-	-	1,279	*	105,704
Chapter 193 - Handicapped Services:													
Examination & Classification	22-100-034-5120-066	7/1/21-6/30/22	10,811			10,811	6,750				4,061	*	6,750
Examination & Classification	21-100-034-5120-066	7/1/20-6/30/21	30,470		4,655			4,655				*	-
Supplemental Instruction	22-100-034-5120-066	7/1/21-6/30/22	20,650			20,650	20,650					*	20,650
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	13,020			13,020	13,020					*	13,020
Cluster Total - Chapter 193				-	4,655	44,481	40,420	4,655	-	-	4,061	*	40,420
New Jersey Nonpublic Aid:													
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	10,984			10,984	6,469				4,515	*	6,469
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	11,668		2			2				*	-
Nursing Services	22-100-034-5120-070	7/1/21-6/30/22	20,720			20,720	20,720					*	20,720
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	19,686		10,886			10,886				*	-
Technology Aid	22-100-034-5120-373	7/1/21-6/30/22	7,686			7,686	7,471			215		*	7,471
Security Aid	22-100-034-5120-509	7/1/21-6/30/22	32,375			32,375	32,375					*	32,375
Security Aid	21-100-034-5120-509	7/1/20-6/30/21	33,775		1,745			1,745				*	-
SDA Grant		7/1/21-6/30/22	20,656			20,656	19,641				1,015	*	19,641
Total Special Revenue Fund				-	31,720	243,885	232,800	31,720	-	-	11,085	*	232,800

TOTOWA 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, June 30, 2021		Cash Received	Budgetary Expenditures	Adjustment/Refund of Prior Years' Balances	Balance, June 30, 2022			MEMO			
				(Accounts Receivable)/Deferred Revenue	Due to Grantor				Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Expenditures		
<i>Enterprise Fund</i>															
National School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	\$ 11,490			\$ 10,473	\$ 11,490		\$ (1,017)				*	\$ 1,017	\$ 11,490
National School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	8,493	\$ (1,025)		1,025			-				*		-
Total Enterprise Fund				(1,025)	-	11,498	11,490	-	(1,017)	-	-	-	*	1,017	11,490
State Financial Assistance Subject to Single Audit Determination				(192,631)	\$ 31,720	4,793,833	5,122,589	\$ 31,720	(532,472)	-	\$ 11,085		*	\$ 326,615	5,122,589
On-Behalf TPAF -Pension	22-495-034-5094-002	7/1/21-6/30/22	2,494,976			(2,494,976)	(2,494,976)						*		(2,494,976)
On Behalf TPAF - NCGI Premium	22-100-034-5094-004	7/1/21-6/30/22	35,201			(35,201)	(35,201)						*		(35,201)
On Behalf TPAF - Post Ret. Med.	22-495-034-5094-001	7/1/21-6/30/22	591,151			(591,151)	(591,151)						*		(591,151)
On Behalf TPAF - LTDI	22-100-034-5094-004	7/1/21-6/30/22	889	-	-	(889)	(889)	-	-	-	-	-	*	-	(889)
Total State Financial Assistance Subject to Major Program Determination				\$ (192,631)	\$ 31,720	\$ 1,671,616	\$ 2,000,372	\$ 31,720	\$ (532,472)	\$ -	\$ 11,085		*	\$ 326,615	\$ 2,000,372

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

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

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$72,720 for the general fund. There is no adjustment for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 30,228	\$ 4,805,579	\$ 4,835,807
Special Revenue Fund	1,171,483	232,800	1,404,283
Food Service Fund	<u>586,252</u>	<u>11,490</u>	<u>597,742</u>
Total Financial Assistance	<u>\$ 1,787,963</u>	<u>\$ 5,049,869</u>	<u>\$ 6,837,832</u>

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 \$487,335 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 \$2,530,177, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$591,151 and TPAF Long-Term Disability Insurance in the amount of \$889 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.



**TOTOWA 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**

A) Type of auditor's report issued: Unmodified

B) Internal control over financial reporting:

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

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

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

**Federal Awards Section**

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

Internal Control over compliance:

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

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

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

Identification of major programs

<u>CFDA Numbers</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D	S425D210027	ESSER II - CRRSA
<u>84.425U</u>	<u>S425U210027</u>	<u>ESSER III - ARP</u>
<u>84.027</u>	<u>H027A200100</u>	<u>IDEA - Basic</u>

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

Auditee qualified as low-risk auditee?       X       yes                    no

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

*Part I – Summary of Auditor’s Results*

**State Awards Section**

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

Auditee qualified as low-risk auditee?  X  yes   no

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

Internal Control over compliance:

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee?  X  yes   no

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

**TOTOWA 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.

**CURRENT YEAR STATE AWARDS**

There are none.

**TOTOWA BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR 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 Letter 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.