

CLOSTER BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Closter, New Jersey

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FINANCIAL REPORT
of the
Closter Board of Education
Closter, New Jersey
For The Fiscal Year Ended June 30, 2023**

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

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INTRODUCTORY SECTION

CLOSTER PUBLIC SCHOOLS

340 Homans Avenue • Closter, New Jersey 07624



Vincent McHale
Superintendent of Schools

Floro M. Villanueva Jr.
Business Administrator/Board Secretary

November 6, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Closter School District (the "District") for the fiscal year ended June 30, 2023 is hereby submitted. This Annual Comprehensive Financial Report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to understand the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. It completed the 2022-2023 fiscal year with an enrollment of 1,214 students, which is 25 more students than the previous year. The following details the District's student enrollment changes over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2013-2014	1,118	(0.44)
2014-2015	1,120	0.18
2015-2016	1,114	(0.54)
2016-2017	1,155	3.68
2017-2018	1,167	1.04
2018-2019	1,233	5.65
2019-2020	1,223	(0.81)
2020-2021	1,179	(3.59)
2021-2022	1,189	0.85
2022-2023	1,214	2.10

2. ECONOMIC CONDITION AND OUTLOOK: Known as "The Historic Hub of the Northern Valley," the Borough of Closter is situated below the Palisades in the northeastern part of Bergen County, New Jersey. Closter is a stable, attractive community with an estimated population of 8,594. The median household income of its residents is \$166,125, and the average home is assessed at \$758,910. Approximately 90% of Closter's working residents benefited from various industries like healthcare, finance, technology, and retail. Its strategic location, near New York City, facilitated commuting and business engagement opportunities. Furthermore, 95% of Closter's adult population graduated from high school, and 62% have a bachelor's degree or higher. As of the 2020 United States Census, 55% of the population are Caucasians, and nearly 34% of Closter's residents are of Asian origin. Although Closter is located just 15 miles from New York City, it maintains a local pride in its community, its schools, and the many services it offers its residents.

3. MAJOR INITIATIVES and NOTABLE ACHIEVEMENTS: During the school year 2022-2023, Closter Public Schools demonstrated significant accomplishments driven by our core values. We dedicated time to reviewing our curriculum and updating the scope and sequence for all the documents in all grades and subject levels. Additionally, we introduced an initiative to provide a 1:1 device for each student. This technological advancement greatly enhanced the learning experience. Another noteworthy addition was the incorporation of ukuleles into the middle school music program, which enriched students' musical education and fostered creativity. NAMM recognized Closter Public Schools as a *Best Music Community*.

To ensure an accurate assessment of student progress, we continued using assessment tools such as LinkIt! and Aimsweb, which are instrumental in benchmarking student performance in English Language Arts and Mathematics. Moreover, the district implemented Criterion Referenced Assessments, contributing to a comprehensive understanding of student progress in middle school mathematics courses, Grade 6 Health, Grade 7 Science, and Algebra.

Our commitment to professional development was evident as the district completed a book study on *The Writing Revolution*. Additionally, numerous professional development opportunities were provided to teachers, allowing them to enhance their skills and knowledge.

Recognizing the importance of a well-rounded education, Closter Public Schools offered after-school and summer enrichment programs, funded by the ESSER and American Rescue Plan grants for our students. Furthermore, we took strides towards inclusivity by introducing new special education programs, including the Preschool Disabilities Class and the Emotional Regulation Impairment Program, specifically tailored to support

students' needs. We introduced initiatives like *Hillside Hello* and *Kindergarten Kickstart* to ensure a smooth transition for new students entering the district.

Our dedication to providing a safe learning environment was evident as we utilized the Capital Reserve Fund for capital projects. This allocation of resources aimed to create a secure and conducive educational environment.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or included as a fund balance reappropriation in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance on June 30, 2023.

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

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

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

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

Respectfully submitted,

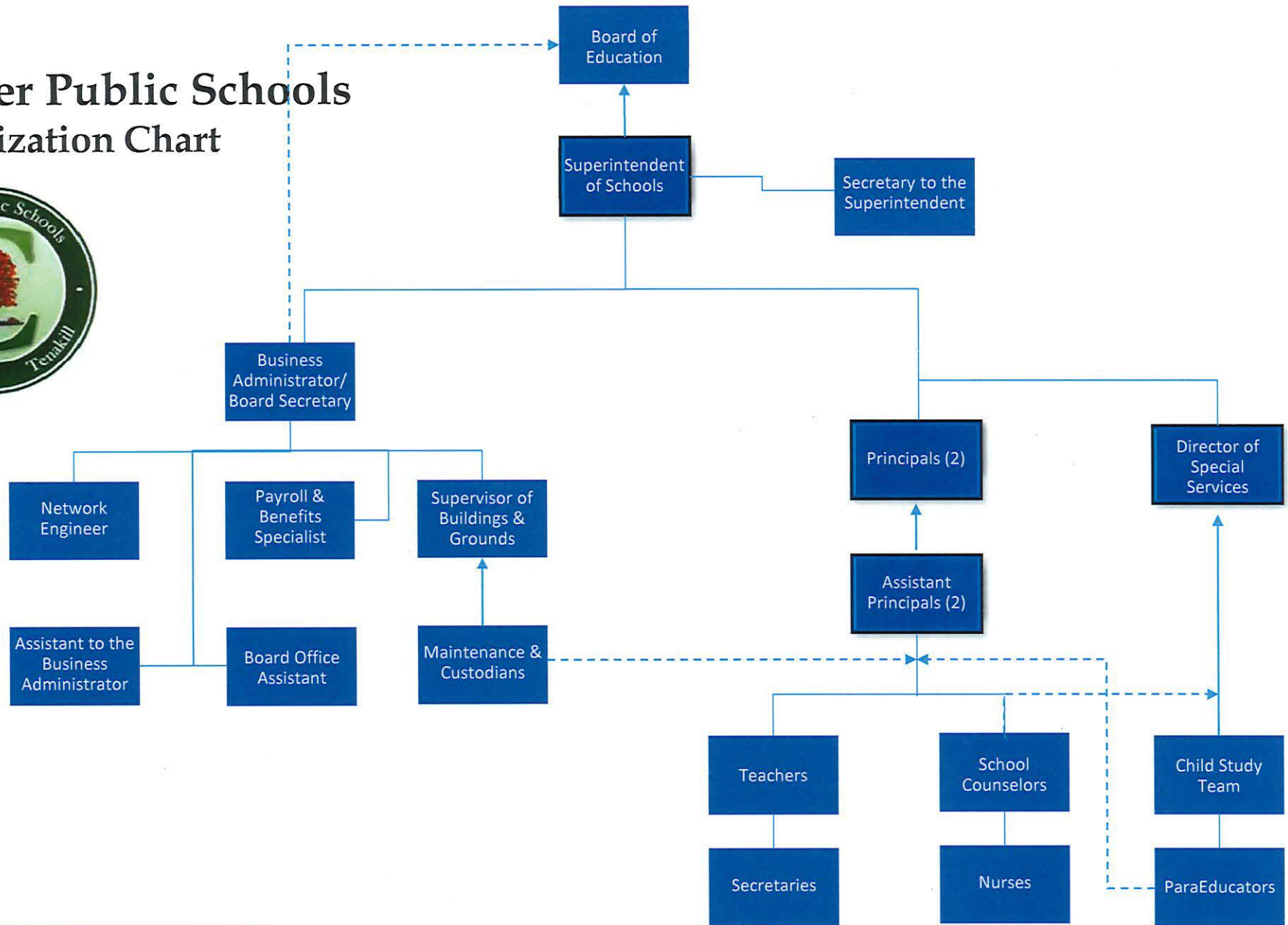


Vincent McHale
Superintendent of Schools
Closter Public Schools



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

Cluster Public Schools Organization Chart



Indicates evaluative capacity as defined by ACHIEVE NJ

CLOSTER BOARD OF EDUCATION

BERGEN COUNTY, NEW JERSEY

Roster of Officials

President

Melody Finkelstein

Term Expires

2023

Vice-President

Magaly Salamea-Cross

2025

Members of the Board of Education

Mary Elizabeth Fanelli

2024

Chris Kwon

2023

Jia-Dee Li

2025

Janine Micera

2025

Lukshmi Puttanniah

2023

Sheryl Wagner

2024

Janice Ja-Kyong Yeoh

2024

Superintendent of Schools

Vincent McHale

School Business Administrator/Board Secretary

Floro M. Villanueva Jr.

CLOSTER BOARD OF EDUCATION
Consultants and Advisors

Architect

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

Audit Firm

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

Attorneys

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

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

Official Depository

Capital One Bank
710 Route 46 East
Fairfield, NJ 07004

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education, as of and for the fiscal year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Closter Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Closter Board of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Closter Board of Education's basic financial statements. The accompanying combining and individual nonmajor 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 Closter Board of Education. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor 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 November 6, 2023 on our consideration of the Closter Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Closter Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Closter Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & BLISS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 6, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2023**

As management of the Closter Board of Education (the Board or District) we offer readers of the District's financial statements this narrative overview. Our discussion and analysis of the School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2023. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements including the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2022-2023 fiscal year include the following:

- The assets and deferred outflows of resources of the Closter Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,170,229. (Net Position)
- The District's total net position increased by \$2,137,126, or 13%.
- Overall District revenues were \$29,050,711. General revenues accounted for \$22,073,341, or 76% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,977,370, or 24%, of total revenues.
- The school district had \$26,906,370 in expenses for governmental activities; only \$6,948,099 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$22,073,341 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 \$10,175,637. Of this amount, \$6,800,833 is restricted for capital projects, \$813,985 is restricted for required maintenance of District facilities, \$1,200,000 is restricted for excess surplus, \$509,933 is restricted for other purposes, \$495,176 is committed or assigned for year end encumbrances and subsequent year's budget expenditures and the remaining amount is the unassigned fund balance of \$355,710.
- The General Fund fund balance at June 30, 2023 was \$10,093,549, an increase of \$1,720,606 compared to the ending fund balance at June 30, 2022 of \$8,372,943.
- The General Fund unassigned budgetary fund balance at June 30, 2023 was \$1,123,158, which represents a decrease of \$431,647 when compared to the ending unassigned budgetary fund balance at June 30, 2022 of \$1,554,805.

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2023**

Using this Annual Comprehensive Financial Report (ACFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022/23? The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2023**

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund and Debt Service Fund. The proprietary funds include the Laptop Insurance Program and Food Service Funds which are non-major funds.

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

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

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for the general and special revenue funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

The District also presents required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68 and post-retirement medical benefits as required under GASB Statement No. 75. The required supplementary information can be found following the notes to the financial statements.

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

The District as a Whole

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

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2023**

The following provides a summary of the District's net position as of June 30, 2023 and 2022.

**Net Position
as of June 30, 2023 and 2022**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets						
Current and Other Assets	\$ 10,553,022	\$ 8,781,384	\$ 20,975	\$ 1,619	\$ 10,573,997	\$ 8,783,003
Capital Assets	<u>13,057,748</u>	<u>13,506,827</u>	<u>-</u>	<u>-</u>	<u>13,057,748</u>	<u>13,506,827</u>
Total Assets	<u>23,610,770</u>	<u>22,288,211</u>	<u>20,975</u>	<u>1,619</u>	<u>23,631,745</u>	<u>22,289,830</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding		4,297			-	4,297
Deferred Amount on Pension Liability	<u>173,676</u>	<u>88,110</u>	<u>-</u>	<u>-</u>	<u>173,676</u>	<u>88,110</u>
Total Deferred Outflows of Resources	<u>173,676</u>	<u>92,407</u>	<u>-</u>	<u>-</u>	<u>173,676</u>	<u>92,407</u>
Liabilities						
Long-Term Liabilities	3,544,015	3,340,205			3,544,015	3,340,205
Other Liabilities	<u>378,971</u>	<u>346,919</u>	<u>-</u>	<u>-</u>	<u>378,971</u>	<u>346,919</u>
Total Liabilities	<u>3,922,986</u>	<u>3,687,124</u>	<u>-</u>	<u>-</u>	<u>3,922,986</u>	<u>3,687,124</u>
Deferred Inflows of Resources						
Deferred Amount on Pension Liability	<u>712,206</u>	<u>1,662,010</u>	<u>-</u>	<u>-</u>	<u>712,206</u>	<u>1,662,010</u>
Total Deferred Inflows of Resources	<u>712,206</u>	<u>1,662,010</u>	<u>-</u>	<u>-</u>	<u>712,206</u>	<u>1,662,010</u>
Net Position						
Net Investment in Capital						
Assets	12,787,748	12,971,124			12,787,748	12,971,124
Restricted	7,874,751	5,959,171			7,874,751	5,959,171
Unrestricted	<u>(1,513,245)</u>	<u>(1,898,811)</u>	<u>20,975</u>	<u>1,619</u>	<u>(1,492,270)</u>	<u>(1,897,192)</u>
Total Net Position	<u>\$ 19,149,254</u>	<u>\$ 17,031,484</u>	<u>\$ 20,975</u>	<u>\$ 1,619</u>	<u>\$ 19,170,229</u>	<u>\$ 17,033,103</u>

The District's combined net position was \$19,170,229 and \$17,003,103 on June 30, 2023 and 2022, respectively.

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

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2023**

The District's total net position of \$19,170,229 at June 30, 2023 represents a \$2,137,126, or 13% increase from the prior year. The following shows changes in net position for fiscal years 2023 and 2022.

**Changes in Net Position
For the Years Ended June 30, 2023 and 2022**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues						
Charges for Services	\$ 581,350	\$ 669,854	\$ 24,210	\$ 5,450	\$ 605,560	\$ 675,304
Grants and Contributions	6,237,146	7,209,959	5,061	3,348	6,242,207	7,213,307
Capital Grants and Contributions	129,603	103,658			129,603	103,658
General Revenues						
Property Taxes	21,763,438	21,330,775			21,763,438	21,330,775
Other	309,903	62,152	-	-	309,903	62,152
Total Revenues	<u>29,021,440</u>	<u>29,376,398</u>	<u>29,271</u>	<u>8,798</u>	<u>29,050,711</u>	<u>29,385,196</u>
Expenses						
Instruction	16,753,584	17,521,561			16,753,584	17,521,561
Support Services						
Student and Instructional Related Svcs.	4,330,008	3,871,088			4,330,008	3,871,088
General, School and Central Administrative Svcs.	2,461,814	2,488,925			2,461,814	2,488,925
Plant Operations and Maintenance	2,730,767	2,713,669			2,730,767	2,713,669
Pupil Transportation	614,797	410,408			614,797	410,408
Interest on Debt	15,400	21,743			15,400	21,743
Food Service	-	-	7,215	5,127	7,215	5,127
Total Expenses	<u>26,906,370</u>	<u>27,027,394</u>	<u>7,215</u>	<u>5,127</u>	<u>26,913,585</u>	<u>27,032,521</u>
Change in Net Position Before Transfer	2,115,070	2,349,004	22,056	3,671	2,137,126	2,352,675
Transfers	<u>2,700</u>	<u>3,500</u>	<u>(2,700)</u>	<u>(3,500)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	2,117,770	2,352,504	19,356	171	2,137,126	2,352,675
Beginning of Year, Net Position	<u>17,031,484</u>	<u>14,678,980</u>	<u>1,619</u>	<u>1,448</u>	<u>17,033,103</u>	<u>14,680,428</u>
Ending of Year, Net Position	<u>\$ 19,149,254</u>	<u>\$ 17,031,484</u>	<u>\$ 20,975</u>	<u>\$ 1,619</u>	<u>\$ 19,170,229</u>	<u>\$ 17,033,103</u>

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2023**

Governmental Activities

The District's total governmental revenues were \$29,021,440 and \$29,376,398 for the years ended June 30, 2023 and 2022, respectively. Property taxes made up 75 and 73 percent of revenues for governmental activities for the District in the fiscal years 2023 and 2022, respectively. Federal, state, and local grants and aid accounted for another 24 and 27 percent of governmental revenue for the years ended June 30, 2023 and 2022, respectively.

The total costs of all governmental programs and services was \$26,906,370 and \$27,027,394 for the years ended June 30, 2023 and 2022, respectively. Instruction costs were 62% and 65% of total expenses and support services costs were 38% and 35% of total expenses for the years ended June 30, 2023 and 2022, respectively.

For the fiscal years 2023 and 2022, governmental activities revenues and transfers in exceeded expenses increasing net position for government activities by \$2,117,770 and \$2,352,504, respectively, from the previous year.

Business-Type Activities

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

- Business-type activities revenues exceeded expenses and transfers by \$19,356.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following shows the total cost of services and the net cost of services for the fiscal years ended June 30, 2023 and 2022. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Total and Net Cost of Services of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Instruction	\$ 16,753,584	\$ 17,521,561	\$ 11,346,367	\$ 11,456,090
Support Services				
Student and Instruction Related Svcs.	4,330,008	3,871,088	3,477,157	2,863,815
General, School and Central Administrative Svcs.	2,461,814	2,488,925	2,168,044	2,096,326
Plant Operations and Maintenance	2,730,767	2,713,669	2,443,002	2,305,717
Pupil Transportation	614,797	410,408	508,301	300,232
Interest and Other Charges	15,400	21,743	15,400	21,743
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 26,906,370	\$ 27,027,394	\$ 19,958,271	\$ 19,043,923

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2023**

Governmental Activities (Cont.)

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

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

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

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

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

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

The District's Funds

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, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$30,998,156 and \$30,265,126 and expenditures were \$29,262,857 and \$29,130,220 for the years ended June 30, 2023 and 2022, respectively. During the fiscal year ended June 30, 2023, revenues and other financing sources exceeded expenditures by \$1,737,999.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2023 and 2022.

<u>Revenue</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>June 30, 2023</u>	<u>June 30, 2022</u>		
Local Sources	\$ 22,788,059	\$ 22,106,660	\$ 681,399	3%
State Sources	7,324,758	7,140,408	184,350	3%
Federal Sources	<u>885,339</u>	<u>1,018,058</u>	<u>(132,719)</u>	-13%
Total	<u>\$ 30,998,156</u>	<u>\$ 30,265,126</u>	<u>\$ 733,030</u>	2%

For fiscal year 2023, total governmental funds revenues increased \$733,030 or 2% from the previous year.

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2023**

The District's Funds (Cont.)

The following schedule represents a summary of the governmental fund expenditures for the fiscal years ended June 30, 2023 and 2022.

<u>Expenditures</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>June 30, 2023</u>	<u>June 30, 2022</u>		
Current				
Instruction	\$ 18,283,731	\$ 18,433,287	\$ (149,556)	-1%
Support Services	10,165,983	9,174,094	991,889	11%
Capital Outlay	530,453	1,116,804	(586,351)	-53%
Debt Service:				
Principal	270,000	270,000	-	0%
Interest	<u>12,690</u>	<u>19,035</u>	<u>(6,345)</u>	-33%
 Total Expenditures	 <u>\$ 29,262,857</u>	 <u>\$ 29,013,220</u>	 <u>\$ 249,637</u>	 1%

For fiscal year 2023, governmental fund expenditures increased \$249,637 or 1% from the previous year.

General Fund Budgeting Highlights

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

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

For fiscal year 2023 General Fund budgetary revenues and other financing sources exceeded budgetary expenditures increasing budgetary fund balance \$1,750,662. After deducting fund balances restricted, committed and assigned, the unassigned budgetary fund balance decreased \$431,647 from an unassigned fund balance of \$1,554,805 at June 30, 2022 to \$1,123,158 at June 30, 2023. In addition at June 30, 2023 the District had balances in its capital reserve of \$6,800,833, maintenance reserve of \$813,985, emergency reserve of \$250,000, unemployment compensation reserve of \$177,845 and reserved excess surplus of \$1,200,000.

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2023**

Capital Assets

At the end of fiscal years 2023 and 2022, the District's governmental activities had \$13,057,748 and \$13,506,827, respectively invested in land, buildings, furniture, equipment and vehicles, net of accumulated depreciation. The following shows fiscal year 2023 balances compared to 2022.

**Capital Assets at June 30, 2023 and 2022
(Net of Accumulated Depreciation)**

	<u>2023</u>	<u>2022</u>
Land	\$ 26,600	\$ 26,600
Construction in Progress	16,080	
Improvements Other Than Buildings	260,456	200,561
Buildings and Improvements	12,293,926	12,664,190
Machinery and Equipment	<u>460,686</u>	<u>615,476</u>
Total	<u>\$ 13,057,748</u>	<u>\$ 13,506,827</u>

Overall capital assets, net of accumulated depreciation, decreased \$449,079 from fiscal year 2022 to fiscal year 2023 as a result of capital asset deletions and depreciation exceeding capital asset additions during the current year.

The Capital Assets of the Business Type Activities of \$15,173 have been fully depreciated as of June 30, 2023 and 2022.

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

Debt Administration

At June 30, 2023 and 2022, the District had \$3,544,015 and \$3,340,205, respectively of long-term liabilities. The following reflects the District's outstanding liabilities at June 30, 2023 and 2022.

**Outstanding Long-Term Liabilities
as of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Bonds Payable	\$ 270,000	\$ 540,000
Net Pension Liability	2,941,893	2,427,270
Compensated Absences	<u>332,122</u>	<u>372,935</u>
Total	<u>\$ 3,544,015</u>	<u>\$ 3,340,205</u>

Overall long-term liabilities increased \$203,810 at June 30, 2023 from the previous year.

At June 30, 2023, the District's overall remaining legal debt margin was \$71,799,697.

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

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2023**

For the Future

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

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2023-2024 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2023-2024. Budgeted expenditures in the General Fund increased approximately 11% to \$26,826,663 for fiscal year 2023-2024. Budgeted employee benefit costs and capital outlay project costs were the main factor for the increase. A significant portion of the increase was funded from capital reserve fund balance.

Contacting the District's Financial Management

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

DISTRICT WIDE FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 10,338,125	\$ 20,665	\$ 10,358,790
Receivables, net			
Receivables from Other Governments	213,782		213,782
Other Accounts Receivable	1,115	310	1,425
Capital Assets, Not Being Depreciated	42,680		42,680
Capital Assets, Being Depreciated	13,015,068		13,015,068
	<u>23,610,770</u>	<u>20,975</u>	<u>23,631,745</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	173,676		173,676
	<u>173,676</u>	<u>-</u>	<u>173,676</u>
Total Assets and Deferred Outflows of Resources	<u>23,784,446</u>	<u>20,975</u>	<u>23,805,421</u>
LIABILITIES			
Accounts Payable & Other Liabilities	203,963		203,963
Payable to Other Governments	7,997		7,997
Unearned Revenue	165,425		165,425
Accrued Interest Payable	1,586		1,586
Noncurrent Liabilities			
Due Within One Year	300,000		300,000
Due Beyond One Year	3,244,015		3,244,015
	<u>3,922,986</u>	<u>-</u>	<u>3,922,986</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	712,206		712,206
	<u>712,206</u>	<u>-</u>	<u>712,206</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,635,192</u>	<u>-</u>	<u>4,635,192</u>
NET POSITION			
Net Investment in Capital Assets	12,787,748		12,787,748
Restricted for:			
Capital Projects	6,800,833		6,800,833
Maintenance	813,985		813,985
Other Purposes	259,933		259,933
Unrestricted	(1,513,245)	20,975	(1,492,270)
Total Net Position	<u>\$ 19,149,254</u>	<u>\$ 20,975</u>	<u>\$ 19,170,229</u>

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

**CLOSTER BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 10,127,028	\$ 265,975	\$ 2,065,631	\$ 7,054	\$ (7,788,368)		\$ (7,788,368)
Special Education	5,195,647	155,060	2,487,704		(2,552,883)		(2,552,883)
Other Instruction	1,211,780		264,804		(946,976)		(946,976)
School Sponsored Activities and Athletics							
	219,129	160,315	674		(58,140)		(58,140)
Support Services							
Student and Instruction Related Svcs.	4,330,008		852,851		(3,477,157)		(3,477,157)
General Administration Services	590,931		58,051		(532,880)		(532,880)
School Administration Services	1,118,147		176,712		(941,435)		(941,435)
Central Administrative Services	752,736		59,007		(693,729)		(693,729)
Plant Operations and Maintenance	2,730,767		165,216	122,549	(2,443,002)		(2,443,002)
Pupil Transportation	614,797		106,496		(508,301)		(508,301)
Interest on Long-Term Debt	15,400				(15,400)		(15,400)
Total Governmental Activities	26,906,370	581,350	6,237,146	129,603	(19,958,271)	-	(19,958,271)
Business-Type Activities							
Laptop Insurance Program	-	17,760				\$ 17,760	17,760
Food Service	7,215	6,450	5,061	-	-	4,296	4,296
Total Business-Type Activities	7,215	24,210	5,061	-	-	22,056	22,056
Total Primary Government	\$ 26,913,585	\$ 605,560	\$ 6,242,207	\$ 129,603	\$ (19,958,271)	\$ 22,056	\$ (19,936,215)
General Revenues:							
Property Taxes, Levied for General Purposes					21,480,748		21,480,748
Property Taxes Levied for Debt Service					282,690		282,690
Interest Earnings					195,922		195,922
Miscellaneous Income					113,981		113,981
Transfers					2,700	(2,700)	-
Total General Revenues and Transfers					22,076,041	(2,700)	22,073,341
Change in Net Position					2,117,770	19,356	2,137,126
Net Position, Beginning of Year					17,031,484	1,619	17,033,103
Net Position, End of Year					\$ 19,149,254	\$ 20,975	\$ 19,170,229

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

FUND FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 10,166,431	\$ 171,694		\$ 10,338,125
Receivables				
Receivables From Other Governments	77,527	136,255		213,782
Accounts Receivable	1,115	-	-	1,115
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 10,245,073	\$ 307,949	\$ -	\$ 10,553,022
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 42,745	\$ 68,344		\$ 111,089
Payable to State Government		7,997		7,997
Payroll Deductions and Withholdings	27,478			27,478
Other Liabilities	65,396			65,396
Unearned Revenue	15,905	149,520	-	165,425
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	151,524	225,861	-	377,385
Restricted:				
Capital Reserve	5,175,833			5,175,833
Capital Reserve - Designated for Subsequent Year's Expenditures	1,625,000			1,625,000
Maintenance Reserve	713,985			713,985
Maintenance Reserve - Designated for Subsequent Year's Expenditures	100,000			100,000
Emergency Reserve	250,000			250,000
Unemployment Compensation Reserve	177,845			177,845
Excess Surplus	700,000			700,000
Excess Surplus - Designated for Subsequent Year's Expenditures	500,000			500,000
Student Activities		82,088		82,088
Committed:				
Year-End Encumbrances	51,722			51,722
Assigned:				
Year-End Encumbrances	53,892			53,892
Designated for Subsequent Year's Expenditures	389,562			389,562
Unassigned Fund Balance	355,710	-	-	355,710
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	10,093,549	82,088	-	10,175,637
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 10,245,073	\$ 307,949	\$ -	\$ 10,553,022

**CLOSTER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

Total Fund Balances-Governmental Funds (Exhibit B-1)	\$	10,175,637
<p>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$27,910,967 and the accumulated depreciation is \$14,853,219.</p>		13,057,748
<p>The District has financed capital assets through the issuance of Serial Bonds. The interest accrual at year end is:</p>		(1,586)
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and amortized over future years.</p>		
Deferred Outflows of Resources	\$ 173,676	
Deferred Inflows of Resources	<u>(712,206)</u>	(538,530)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
<p>Long-term liabilities at year end consist of the following:</p>		
Bonds Payable	(270,000)	
Compensated Absences	(332,122)	
Net Pension Liability	<u>(2,941,893)</u>	<u>(3,544,015)</u>
Total net position of governmental activities (Exhibit A-1)	\$	<u>19,149,254</u>

**CLOSTER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources				
Property Taxes	\$ 21,480,748		\$ 282,690	\$ 21,763,438
Tuition	421,035			421,035
Interest	195,922			195,922
Miscellaneous	113,981	\$ 293,683	-	407,664
Total - Local Sources	22,211,686	293,683	282,690	22,788,059
State Sources	7,282,240	42,518		7,324,758
Federal Sources	19,493	865,846	-	885,339
Total Revenues	29,513,419	1,202,047	282,690	30,998,156
EXPENDITURES				
Current				
Instruction				
Regular Instruction	10,888,985	241,664		11,130,649
Special Education Instruction	5,358,448	218,715		5,577,163
Other Instruction	1,313,764	38,658		1,352,422
School Sponsored Activities and Athletics	80,575	142,922		223,497
Support Services				
Student and Instruction Related Services	4,356,030	386,094		4,742,124
General Administration Services	641,000			641,000
School Administration Services	1,234,609			1,234,609
Central Administrative Services	843,947			843,947
Plant Operations and Maintenance	2,058,967	26,998		2,085,965
Pupil Transportation	618,338			618,338
Debt Service				
Principal			270,000	270,000
Interest and Other Charges			12,690	12,690
Capital Outlay	400,850	129,603	-	530,453
Total Expenditures	27,795,513	1,184,654	282,690	29,262,857
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,717,906	17,393	-	1,735,299
Other Financing Sources (Uses)				
Transfer In	2,700	-	-	2,700
Total Other Financing Sources (Uses)	2,700	-	-	2,700
Net Changes in Fund Balances	1,720,606	17,393	-	1,737,999
Fund Balance, Beginning of Year	8,372,943	64,695	-	8,437,638
Fund Balance, End of Year	\$ 10,093,549	\$ 82,088	\$ -	\$ 10,175,637

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

**CLOSTER BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,737,999

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

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

Depreciation Expense	\$ (979,532)	
Capital Outlay	<u>530,453</u>	
		(449,079)

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

Deferred Amount on Refunding of Debt		(4,297)
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In the statement of activities, certain operating expenses - compensated absences, pension expenses are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Compensated Absences	40,813	
Decrease in Pension Expense	<u>520,747</u>	
		561,560

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

Principal Repayments		
Bonds Payable		270,000

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

Decrease in accrued interest		<u>1,587</u>
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Change in net position of governmental activities (A-2 Exhibit)		<u>\$ 2,117,770</u>
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**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2023**

	Business-Type Activities Enterprise Funds <hr/> Total Non-Major Enterprise Funds <hr/>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 20,665
Intergovernmental Accounts Receivable	<u>310</u>
Total Current Assets	<u>20,975</u>
Noncurrent Assets	
Machinery and Equipment	15,173
Less Accumulated Depreciation	<u>(15,173)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>20,975</u>
NET POSITION	
Unrestricted	<u>20,975</u>
Total Net Position	<u>\$ 20,975</u>

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

**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Business-Type Activities Enterprise Fund
	Total Non-Major Enterprise Funds
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 6,450
Program Fees	17,760
Total Operating Revenues	24,210
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	7,215
Total Operating Expenses	7,215
Operating Income	16,995
NONOPERATING REVENUES	
Federal Sources	
Special Milk Program	5,061
Total Nonoperating Revenues	5,061
Income Before Transfers	22,056
Transfers Out	(2,700)
Change in Net Position	19,356
Net Position, Beginning of Year	1,619
Net Position, End of Year	\$ 20,975

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

**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds
	Total Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from (Paid to) Customers	\$ 24,210
Cash Payments to Suppliers for Goods and Services	(7,215)
Net Cash Provided by Operating Activities	16,995
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash Received from State and Federal Reimbursements	4,979
Transfers to Other Funds	(2,700)
Net Cash Provided by Non-Capital Financing Activities	2,279
Net Increase in Cash and Cash Equivalents	19,274
Cash and Cash Equivalents — Beginning of Year	1,391
Cash and Cash Equivalents — End of Year	\$ 20,665
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 16,995
Net Cash Provided by Operating Activities	\$ 16,995

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

NOTES TO THE FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools to the Board.

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

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

B. New Accounting Standards

During fiscal year 2023, the District adopted the following GASB statements:

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*. 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 99, *Omnibus 2022*. 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.

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

- 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.

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

The *laptop insurance program fund* accounts for the non-refundable deposits charged to students to repair and replenish the District's laptop computers provided to each student.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

4. Capital Assets

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

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

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

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

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

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

6. Compensated Absences

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Pensions*

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

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

8. *Long-Term Obligations*

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

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2023/2024 District budget certified for taxes.

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

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2023/2024 District budget certified for taxes.

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2023 audited excess surplus that is required to be appropriated in the 2024/2025 original budget certified for taxes.

Excess Surplus - Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2022 audited excess surplus that was appropriated in the 2023/2024 original budget certified for taxes.

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

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

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2023/2024 District budget certified for taxes.

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

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

10. Fund Balance Policies

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

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2021-2022 and 2022-2023 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 laptop insurance program and food service enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 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.

The District must prepare its budget in compliance with applicable laws limiting the amount by which the general fund property tax levy can increase in the annual school budget. The 2010 Tax Levy CAP Law is calculated using the formulas and provisions of NJSA 18A:7F-38. The law was originally adopted in 2007 and was most recently amended in 2018. The core of the tax-levy cap calculation is a 2% increase to the previous budget year’s general fund tax levy with exceptions only for enrollment increases, increases for certain pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters at a special election. Additionally, school districts can bank the unused tax levy for use in any of the next three (3) succeeding budget years if they were not granted approval to exceed the tax levy cap by the voters. The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2022/2023. Also, during 2022/2023 the Board increased the original budget of the general fund by \$1,059,124 and the special revenue fund by \$754,688. The increases were funded by the additional appropriation of unassigned fund balance, grant awards, student activity revenues and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations from the general fund of unassigned fund balance of \$668,585.

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

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

B. Capital Reserve

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

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022	\$ 5,316,631
Increased by:	
Return of Unencumbered Budget Withdrawals	
Funded from Reserve	\$ 290,267
Deposits Approved by Board Resolution	<u>1,763,785</u>
Total Increases	<u>2,054,052</u>
	7,370,683
Decreased by:	
Withdrawals Approved in District Budget	<u>570,000</u>
Balance, June 30, 2023	<u>\$ 6,800,683</u>

The June 30, 2023 LRFPS balance of the total costs of uncompleted capital projects is estimated by management to be \$21,805,500. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$1,625,000 of the capital reserve balance at June 30, 2023 was designated and appropriated for use in the 2023/2024 original budget certified for taxes.

C. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022	\$ 400,000
Increased by:	
Deposits Approved by Board Resolution	<u>513,985</u>
	913,985
Withdrawals:	
Withdrawals Approved in District Budget	<u>100,000</u>
Balance, June 30, 2023	<u>\$ 813,985</u>

The June 30, 2023 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$813,985. \$100,000 of the maintenance reserve balance at June 30, 2023 was designated and appropriated for use in the 2023/2024 original budget certified for taxes.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Emergency Reserve

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

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

The activity of the emergency reserve for the fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022	<u>\$ 250,000</u>
Balance, June 30, 2023	<u>\$ 250,000</u>

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2023 is \$1,200,000. Of this amount, \$500,000 was designated and appropriated in the 2023/2024 original budget certified for taxes and the remaining amount of \$700,000 will be appropriated in the 2024/2025 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 deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2023, the book value of the Board's deposits were \$10,358,790 and bank and brokerage firm balances of the Board's deposits amounted to \$10,819,293. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 10,723,467
Uninsured and Collateralized	<u>95,826</u>
	<u>\$ 10,819,293</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2023 the Board's bank balance of \$95,826 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 95,826</u>
	<u>\$ 95,826</u>

Investments

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2023, the Board had no outstanding investments.

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

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

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

B. Receivables

Receivables as of June 30, 2023 for the district’s individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Non-Major Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
State	\$ 69,606			\$ 69,606
Federal		\$ 136,255	\$ 310	136,565
Local	7,921	-	-	7,921
Accounts	<u>1,115</u>	<u>-</u>	<u>-</u>	<u>1,115</u>
Gross Receivables	78,642	136,255	310	215,207
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 78,642</u>	<u>\$ 136,255</u>	<u>\$ 310</u>	<u>\$ 215,207</u>

C. Unearned Revenue

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

General Fund	
Summer Program Fees	\$ 15,905
Special Revenue Fund	
Unencumbered Grant Draw Downs	145,495
Grant Draw Downs for Year-End Encumbrances	<u>4,025</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 165,425</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	<u>Balance, July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2023</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 26,600			\$ 26,600
Construction In Progress	-	\$ 16,080	-	16,080
Total Capital Assets, Not Being Depreciated	<u>26,600</u>	<u>16,080</u>	<u>-</u>	<u>42,680</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	25,343,728	\$ 232,240		25,575,968
Improvements Other Than Buildings	472,992	76,895		549,887
Machinery and Equipment	1,558,817	205,238	\$ (21,623)	1,742,432
Total Capital Assets Being Depreciated	<u>27,375,537</u>	<u>514,373</u>	<u>(21,623)</u>	<u>27,868,287</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(12,679,538)	(602,504)		(13,282,042)
Improvements Other Than Buildings	(272,431)	(17,000)		(289,431)
Machinery and Equipment	(943,341)	(360,028)	21,623	(1,281,746)
Total Accumulated Depreciation	<u>(13,895,310)</u>	<u>(979,532)</u>	<u>21,623</u>	<u>(14,853,219)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,480,227</u>	<u>(465,159)</u>	<u>-</u>	<u>13,015,068</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,506,827</u>	<u>\$ (449,079)</u>	<u>\$ -</u>	<u>\$ 13,057,748</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2023</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 15,173	-	-	\$ 15,173
Total Capital Assets Being Depreciated	<u>15,173</u>	<u>-</u>	<u>-</u>	<u>15,173</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(15,173)</u>	-	-	<u>(15,173)</u>
Total Accumulated Depreciation	<u>(15,173)</u>	<u>-</u>	<u>-</u>	<u>(15,173)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental Activities:	
Instruction	
Regular	\$ <u>130,721</u>
Total Instruction	<u>130,721</u>
Support Services	
Students and Instruction Related Services	23,027
General Administration	590
School Administrative Services	17,134
Plant Operations and Maintenance	<u>808,060</u>
Total Support Services	<u>848,811</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 979,532</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

Interfund Transfers

	<u>Transfer In:</u>
	General
	<u>Fund</u>
Transfer Out:	
Food Service Enterprise Fund	\$ <u>2,700</u>

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

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2023 is comprised of the following issue:

\$2,790,000 2013 Refunding Bonds, due in a final installment of \$270,000 on April 1, 2024 interest at 2.35%	<u>\$270,000</u>
--	------------------

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ <u>270,000</u>	\$ <u>6,345</u>	\$ <u>276,345</u>

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 72,069,697
Less: Net Debt Issued and Authorized But Not Issued	<u>270,000</u>
Remaining Borrowing Power	<u>\$ 71,799,697</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 540,000		\$ 270,000	\$ 270,000	\$ 270,000
Compensated Absences	372,935	\$ 25,797	66,610	332,122	30,000
Net Pension Liability	<u>2,427,270</u>	<u>760,450</u>	<u>245,827</u>	<u>2,941,893</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 3,340,205</u>	<u>\$ 786,247</u>	<u>\$ 582,437</u>	<u>\$ 3,544,015</u>	<u>\$ 300,000</u>

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

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 insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

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

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

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Interest Earnings	Amount Reimbursed	Ending Balance
2023	None	\$ 45,886		\$ 39,399	\$ 177,845
2022	None	29,265			177,845
2021	None	18,807	\$ 61	2,764	177,845

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, 2023, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2023, the District has not estimated its arbitrage earnings due to the IRS, if any.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

The following represents the membership tiers for PERS:

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

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

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

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.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

The following represent the membership tiers for TPAF:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of the total pension liability is 62.91% . The collective net pension liability of the State funded TPAF at June 30, 2022 is \$51.7 billion and the plan fiduciary net position as a percentage of total pension liability is 32.29%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 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 2023.

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, 2023 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 more 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 2023, 2022 and 2021 were equal to the required contributions.

During the fiscal years ended June 30, 2023, 2022 and 2021 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2023	\$ 245,827	\$ 3,661,502	\$ 37,312
2022	239,954	3,803,920	32,795
2021	231,978	2,897,157	28,677

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2023, 2022 and 2021 the State contributed \$1,276, \$1,169 and \$1,367, 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 \$768,959 during the fiscal year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2021 through June 30, 2022. 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, 2022 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2022.

At June 30, 2023, the District reported in the statement of net position (accrual basis) a liability of \$2,941,893 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. 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, 2022. At June 30, 2022, the District's proportionate share was .01949 percent, which was a decrease of .00100 percent from its proportionate share measured as of June 30, 2021 of .02049 percent.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of (\$274,920) for PERS. The pension contribution made by the District during the current 2022/2023 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, 2023 with a measurement date of the prior fiscal year end of June 30, 2022. 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, 2023 for contributions made subsequent to the measurement date. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 21,233	\$ 18,725
Changes of Assumptions	9,115	440,518
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	121,762	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>21,566</u>	<u>252,963</u>
Total	<u>\$ 173,676</u>	<u>\$ 712,206</u>

At June 30, 2023, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension benefit as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2023	\$ (327,871)
2024	(189,238)
2025	(125,262)
2026	105,511
2027	(1,670)
Thereafter	<u>-</u>
	<u>\$ (538,530)</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022) 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, 2022 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%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of Net Pension Liability

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

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,779,471</u>	<u>\$ 2,941,893</u>	<u>\$ 2,229,081</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, 2022. A sensitivity analysis specific to the District's net pension liability at June 30, 2022 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.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2021 through June 30, 2022. 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, 2022, the State's pension contribution was more 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, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,265,213 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, 2023 the State's proportionate share of the net pension liability attributable to the District is \$47,011,593. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2022. At June 30, 2022, the State's share of the net pension liability attributable to the District was .09112 percent, which was a decrease of .00668 percent from its proportionate share measured as of June 30, 2021 of .09780 percent.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022) 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, 2022 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%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 55,122,092</u>	<u>\$ 47,011,593</u>	<u>\$ 40,179,517</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at as of the measurement date of June 30, 2022. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2022 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, the Police and Firemen Retirement System (PFRS) or Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>151,669</u>
Total	<u>364,817</u>

Measurement Focus and Basis of Accounting

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

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit 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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50.6 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2022 were determined based on actuarial valuations as of June 30, 2021 which were rolled forward to June 30, 2022.

**STER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2021 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 \$1.33 billion to the OPEB plan in fiscal year 2022.

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, 2023, 2022 and 2021 were \$961,868, \$888,749 and \$907,924, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2021 through June 30, 2022. 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, 2023, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,381,441. 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, 2023 the State's proportionate share of the OPEB liability attributable to the District is \$33,558,128. 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, 2022 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the state's share of the OPEB liability attributable to the District was .06626 percent, which was a decrease of .00129 percent from its proportionate share measured as of June 30, 2021 of .06755 percent.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

The OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55% Based on Years of Service	2.75% to 4.25% Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current 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, 2021 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2018 to June 30, 2021.

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 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023 , increasing to 15.19% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2021 Measurement Date	\$ <u>40,532,352</u>
Changes Recognized for the Fiscal Year:	
Service Cost	1,949,462
Interest on the Total OPEB Liability	889,327
Differences Between Expected and Actual Experience	41,901
Changes of Assumptions	(9,002,269)
Gross Benefit Payments	(880,905)
Contributions from the Member	28,260
Net Changes	\$ <u>(6,974,224)</u>
Balance, June 30, 2022 Measurement Date	\$ <u>33,558,128</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

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, 2022.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 202.**

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 3.54%, 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 (2.54% percent) or 1-percentage-point higher (4.54% percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 39,444,049	\$ 33,558,128	\$ 28,840,856

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 27,737,844	\$ 33,558,128	\$ 41,203,425

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 were not provided by the pension system.

F. Tax Abatements

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

For the year ended December 31, 2022, the Borough provided property tax abatements through the New Jersey Housing and Mortgage Financing Act.

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

NOTE 4 OTHER INFORMATION (Continued)

F. Tax Abatements (Continued)

The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the year ended December 31, 2022 the Borough abated property taxes totaling \$172,300 under the NJHMFA program of which \$69,637 represents the District's share.

G. Subsequent Events

Appropriation of Fund Balance

On September 13, 2023 the Board approved the appropriation of an additional \$675,120 of General Fund unassigned fund balance to the 2023/2024 budget.

On September 26, 2023 the voters approved a \$6,489,700 bond referendum for various upgrades and improvements to the district's schools and to issue \$6,489,700 in bonds to finance such improvements. As of the date of the audit the District has not issued nor awarded the sale of said bonds.

NOTE 5 RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Board have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Board's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, provides funding for State and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Board.

The Board has been awarded a total of \$1,605,642 in federal aid to address the effects of the COVID-19 pandemic.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 21,480,748		\$ 21,480,748	\$ 21,480,748	
Tuition from Individuals	122,650		122,650	265,975	\$ 143,325
Tuition from LEA's Within the State	101,500		101,500	155,060	53,560
Transportation Fees from Individuals				14,280	14,280
Interest Earned				195,922	195,922
Interest - Capital Reserve	850		850		(850)
Interest - Maintenance Reserve	150		150		(150)
Miscellaneous	27,000	-	27,000	99,701	72,701
Total Local Sources	21,732,898	-	21,732,898	22,211,686	478,788
State Sources					
Special Education Aid	1,055,942		1,055,942	1,055,942	
Security Aid	91,347		91,347	91,347	
Transportation Aid	93,632		93,632	93,632	
Extraordinary Aid				662,347	662,347
Nonpublic Transportation Reimbursement				12,773	12,773
Lead Testing for Schools Aid				2,650	2,650
On-Behalf TPAF Contributions (Non-Budgeted):					
Pension Benefit Contribution				3,611,398	3,611,398
Pension - NCGI Premium				50,104	50,104
Post-Retirement Medical Benefit Contribution				961,868	961,868
Long-Term Disability Insurance Premium				1,276	1,276
Reimbursed Social Security Contributions	-	-	-	768,959	768,959
Total State Sources	1,240,921	-	1,240,921	7,312,296	6,071,375
Federal Sources					
FEMA Reimbursement	-	-	-	19,493	19,493
Total Federal Sources	-	-	-	19,493	19,493
Total Revenues	22,973,819	-	22,973,819	29,543,475	6,569,656
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	99,452	\$ (4,000)	95,452	92,065	3,387
Kindergarten	604,506	43,600	648,106	625,245	22,861
Grades 1-5	3,409,825	(108,600)	3,301,225	3,184,263	116,962
Grades 6-8	2,145,529	(29,000)	2,116,529	2,012,695	103,834
Regular Programs - Home Instruction					
Salaries of Teachers	7,000	-	7,000	725	6,275
Purchased Professional/Educational Services	3,000	-	3,000		3,000
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	397,948	(133,852)	264,096	146,304	117,792
Purchased Professional/Educational Services	19,100	600	19,700	16,534	3,166
Purchased Technical Services	99,108	240	99,348	78,103	21,245
Other Purchased Services	184,089	(5,320)	178,769	167,253	11,516
General Supplies	177,080	299,133	476,213	424,852	51,361
Textbooks	49,000	(5,400)	43,600	38,686	4,914
Other Objects	9,000	12,000	21,000	13,017	7,983
Total Regular Programs	7,204,637	69,401	7,274,038	6,799,742	474,296
Learning and/or Language Disabilities					
Salaries of Teachers	273,754	105,925	379,679	361,982	17,697
Other Salaries for Instruction	129,609	(87,800)	41,809	36,489	5,320
Other Purchased Services	-	1,450	1,450	150	1,300
General Supplies	4,000	9,753	13,753	13,492	261
Total Learning and/or Language Disabilities	407,363	29,328	436,691	412,113	24,578

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Emotional Regulation Impairment					
Salaries of Teachers		\$ 90,543	\$ 90,543	\$ 85,643	\$ 4,900
Other Purchased Services		290	290		290
General Supplies	-	1,500	1,500	1,308	192
Total Emotional Regulation Impairment	-	92,333	92,333	86,951	5,382
Resource Room/Resource Center					
Salaries of Teachers	\$ 1,434,190	(20,014)	1,414,176	1,355,490	58,686
General Supplies	7,875	15,314	23,189	22,464	725
Total Resource Room/Resource Center	1,442,065	(4,700)	1,437,365	1,377,954	59,411
Salaries of Teachers	268,244	(3,000)	265,244	220,505	44,739
Other Salaries for Instruction	160,817	(65,000)	95,817	83,487	12,330
Other Purchased Services		3,560	3,560	2,960	600
General Supplies	3,950	4,585	8,535	8,146	389
Total Preschool Disabilities - Full-Time	433,011	(59,855)	373,156	315,098	58,058
Total Special Education	2,282,439	57,106	2,339,545	2,192,116	147,429
Basic Skills/Remedial					
Salaries of Teachers	572,172	(50,000)	522,172	438,746	83,426
General Supplies	2,000	2,305	4,305	4,147	158
Total Basic Skills/Remedial	574,172	(47,695)	526,477	442,893	83,584
Bilingual Education					
Salaries of Teachers	362,708	189	362,897	341,178	21,719
General Supplies	2,350	589	2,939	1,720	1,219
Total Bilingual Education	365,058	778	365,836	342,898	22,938
School Sponsored Co/Extra Curricular Activities-Instruction					
Salaries	60,353	-	60,353	36,459	23,894
Supplies and Materials	5,000	(100)	4,900	1,680	3,220
Other Objects	2,000	-	2,000	2,000	-
Total School Sponsored Co/Extra Curricular Activities-Instruction	67,353	(100)	67,253	40,139	27,114
School Sponsored Athletics-Instruction					
Salaries	25,700	-	25,700	22,671	3,029
Purchased Services	4,600	2,000	6,600	5,271	1,329
Supplies and Materials	2,000	1,100	3,100	3,058	42
Other Objects	500	-	500	-	500
Total School Sponsored Athletics-Instruction	32,800	3,100	35,900	31,000	4,900
Summer School-Instruction					
Salaries of Teachers	24,000	(1,000)	23,000	6,600	16,400
Other Salaries for Instruction	8,500	-	8,500	6,791	1,709
Supplies and Materials	500	-	500	-	500
Total Summer School-Instruction	33,000	(1,000)	32,000	13,391	18,609
Summer School-Support Services					
Salaries	10,000	-	10,000	7,575	2,425
Total Summer School-Support Services	10,000	-	10,000	7,575	2,425
Total Instruction	\$ 10,569,459	\$ 81,590	\$ 10,651,049	\$ 9,869,754	\$ 781,295

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/in State - Special	\$ 1,436,067	\$ (19,165)	\$ 1,416,902	\$ 1,238,753	\$ 178,149
Tuition to CSSD and Regional Day Schools	228,925	-	228,925	198,383	30,542
Tuition to APSSD - W/I State	371,375	20,000	391,375	387,241	4,134
Total Undistributed Expenditures - Instruction	2,036,367	835	2,037,202	1,824,377	212,825
Attendance and Social Work					
Salaries	81,496	10,472	91,968	88,194	3,774
Purchased Professional and Technical Services	8,000	-	8,000	8,000	-
Total Attendance and Social Work	89,496	10,472	99,968	96,194	3,774
Health Services					
Salaries	189,735	(1,000)	188,735	170,984	17,751
Purchased Professional and Technical Services	3,000	2,000	5,000	4,000	1,000
Other Purchased Services	4,200	29,600	33,800	27,715	6,085
Supplies and Materials	11,600	7,200	18,800	10,631	8,169
Total Health Services	208,535	37,800	246,335	213,330	33,005
Speech, OT, PT & Related Services					
Salaries	420,227	357	420,584	412,546	8,038
Purchased Professional-Educational Services	-	17,000	17,000	14,912	2,088
Other Purchased Services	1,000	-	1,000	-	1,000
Supplies and Materials	3,400	(260)	3,140	1,988	1,152
Total Speech, OT, PT & Related Services	424,627	17,097	441,724	429,446	12,278
Other Support Services - Students - Extra Services					
Salaries	580,870	197,147	778,017	737,345	40,672
Purchased Professional-Educational Services	504,900	23,265	528,165	330,173	197,992
Supplies and Materials	3,900	-	3,900	802	3,098
Other Objects	500	-	500	-	500
Total Other Supp. Serv. Student - Extra Services	1,090,170	220,412	1,310,582	1,068,320	242,262
Other Supp. Serv. - Students - Regular (Guidance)					
Salaries of Other Professional Staff	270,393	-	270,393	256,772	13,621
Purchased Professional-Educational Services	7,000	(1,270)	5,730	4,839	891
Supplies and Materials	1,200	62	1,262	1,092	170
Other Objects	200	170	370	348	22
Total Guidance	278,793	(1,038)	277,755	263,051	14,704
Child Study Teams					
Salaries of Other Professional Staff	435,084	(16,000)	419,084	355,871	63,213
Salaries of Secretarial and Clerical Assistants	106,266	-	106,266	94,298	11,968
Purchased Professional-Educational Services	62,000	(4,500)	57,500	55,237	2,263
Other Purchased Professional and Technical Services	15,700	47,192	62,892	37,045	25,847
Other Purchased Services	500	-	500	-	500
Supplies and Materials	6,500	2,260	8,760	5,724	3,036
Other Objects	1,625	-	1,625	1,422	203
Total Child Study Teams	627,675	28,952	656,627	549,597	107,030
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	83,692	(7,191)	76,501	67,592	8,909
Salaries of Other Professional Staff	19,500	7,000	26,500	23,538	2,962
Purchased Professional-Educational Services	60,428	-	60,428	59,292	1,136
Other Purchased Professional and Technical Services	7,000	(7,000)	-	-	-
Other Purchased Services	500	-	500	-	500
Supplies and Materials	500	-	500	-	500
Other Objects	800	-	800	89	711
Total Improvement of Instructional Services	172,420	(7,191)	165,229	150,511	14,718

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media/School Library					
Salaries - Regular	\$ 181,404	-	\$ 181,404	\$ 176,741	\$ 4,663
Purchased Professional and Technical Services	3,500	-	3,500	1,218	2,282
Other Purchased Services	7,000	\$ 850	7,850	6,843	1,007
Supplies and Materials	13,000	4,964	17,964	10,132	7,832
Total Educational Media/School Library	204,904	5,814	210,718	194,934	15,784
Instructional Staff Training Services					
Purchased Professional-Educational Services	42,500	-	42,500	40,368	2,132
Other Purchased Professional and Technical Services	8,300	1,600	9,900	5,103	4,797
Other Purchased Services	12,000	(500)	11,500	5,516	5,984
Supplies and Materials	4,500	(1,100)	3,400	2,452	948
Total Instructional Staff Training Services	67,300	-	67,300	53,439	13,861
Support Services General Administration					
Salaries	279,421	-	279,421	278,694	727
Legal Services	32,000	22,000	54,000	43,000	11,000
Audit Fees	28,000	-	28,000	27,500	500
Architectural/Engineering Services	16,000	(8,000)	8,000	4,053	3,947
Other Purchased Professional Services	12,000	3,400	15,400	12,780	2,620
Purchased Technical Services	2,554	4,000	6,554	5,668	886
Insurance	29,626	(2,900)	26,726	26,425	301
Communications/Telephone	41,255	(1,900)	39,355	34,547	4,808
BOE Other Purchased Services	5,300	4,600	9,900	6,949	2,951
Miscellaneous Purchased Services	3,000	20,300	23,300	11,506	11,794
General Supplies	4,250	(1,000)	3,250	2,211	1,039
BOE In-House Training/Meeting Supplies	1,750	-	1,750	1,203	547
Miscellaneous Expenditures	4,500	1,500	6,000	3,862	2,138
BOE Membership Dues and Fees	9,400	-	9,400	8,296	1,104
Total Support Services General Administration	469,056	42,000	511,056	466,694	44,362
Support Services School Administration					
Salaries of Principals/Asst. Principals	449,900	8,091	457,991	457,891	100
Salaries of Other Professional Staff	148,450	-	148,450	148,430	20
Salaries of Secretarial and Clerical Assistants	153,342	(8,000)	145,342	136,046	9,296
Purchased Professional and Technical Services	1,500	4,000	5,500	1,500	4,000
Other Purchased Services	9,100	16,300	25,400	4,824	20,576
Supplies and Materials	9,000	29,801	38,801	24,746	14,055
Other Objects	13,700	17,500	31,200	17,429	13,771
Total Support Services School Administration	784,992	67,692	852,684	790,866	61,818
Central Services					
Salaries	372,912	8,000	380,912	372,973	7,939
Purchased Technical Services	23,000	4,870	27,870	26,633	1,237
Miscellaneous Purchased Services	10,550	3,630	14,180	7,282	6,898
Supplies and Materials	4,000	7,500	11,500	10,886	614
Miscellaneous Expenditures	3,000	-	3,000	1,392	1,608
Total Central Services	413,462	24,000	437,462	419,166	18,296
Admin. Info. Tech.					
Salaries	114,150	1,000	115,150	114,541	609
Purchased Technical Services	54,136	23,345	77,481	67,798	9,683
Other Purchased Services	650	-	650	372	278
Supplies and Materials	5,500	3,500	9,000	360	8,640
Total Admin. Info. Tech.	174,436	27,845	202,281	183,071	19,210

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 170,920	\$ 2,900	\$ 173,820	\$ 168,665	\$ 5,155
Cleaning, Repair and Maintenance Services	116,000	5,303	121,303	83,898	37,405
Other Purchased Services		3,000	3,000	1,542	1,458
General Supplies	48,000	-	48,000	31,516	16,484
Other Objects	1,500	700	2,200	1,283	917
Total Required Maintenance for School Facilities	336,420	11,903	348,323	286,904	61,419
Custodial Services					
Salaries	556,205	2,600	558,805	543,993	14,812
Salaries of Non-Instructional Aides	117,631	40,836	158,467	134,710	23,757
Purchased Professional and Technical Services	6,400	-	6,400		6,400
Cleaning, Repair and Maintenance Services	12,000	2,750	14,750	13,298	1,452
Rental of Land & Building Other than Lease Purchase Agreement	12,000	-	12,000	10,602	1,398
Other Purchased Property Services	16,600	7,000	23,600	19,176	4,424
Insurance	208,992	5,864	214,856	214,856	-
Miscellaneous Purchased Services	200	-	200	100	100
General Supplies	45,500	14,397	59,897	55,748	4,149
Energy (Natural Gas)	143,000	31,000	174,000	98,912	75,088
Energy (Electricity)	254,000	23,000	277,000	166,251	110,749
Energy (Gasoline)	4,500	3,585	8,085	2,949	5,136
Other Objects	2,500	-	2,500	-	2,500
Total Custodial Services	1,379,528	131,032	1,510,560	1,260,595	249,965
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Service	63,000	16,404	79,404	69,809	9,595
General Supplies	6,000	4,400	10,400	8,966	1,434
Total Care and Upkeep of Grounds	69,000	20,804	89,804	78,775	11,029
Security					
Purchased Professional and Technical Services	3,250	(700)	2,550	1,086	1,464
Cleaning, Repair and Maintenance Service	8,000	(3,000)	5,000	624	4,376
	5,800	74,208	80,008	78,285	1,723
General Supplies	1,000	-	1,000	-	1,000
Total Security	18,050	70,508	88,558	79,995	8,563
Student Transportation Services					
Salaries of Non-Instructional Aides	9,040	10,897	19,937	18,382	1,555
Contracted Services - Aid In Lieu of Payments-Non-Public Schools	55,000	(12,862)	42,138	12,938	29,200
Contracted Services (Between Home and School) - Vendors	45,000	29,000	74,000	73,544	456
Contracted Services (Other Than Between Home and School) - Vendors	18,000	11,000	29,000	12,534	16,466
Contracted Services (Between Home and School) - Joint Agreements	10,500	12,862	23,362	23,362	-
Contracted Services (Special Education Students) - Joint Agreements	275,000	260,000	535,000	469,927	65,073
Total Student Transportation Services	412,540	310,897	723,437	610,687	112,750
Unallocated Benefits - Employee Benefits					
Social Security Contributions	270,250	14,000	284,250	278,605	5,645
Other Retirement Contributions - PERS	288,849	(17,300)	271,549	245,827	25,722
Other Retirement Contribution - Regular	31,000	10,000	41,000	37,312	3,688
Worker's Compensation	104,257	(5,864)	98,393	57,505	40,888
Health Benefits	2,965,806	(222,124)	2,743,682	2,429,383	314,299
Tuition Reimbursement	15,000	-	15,000	8,679	6,321
Other Employee Benefits	7,000	(2,500)	4,500	1,190	3,310
Unused Sick Payment to Terminated/Retired Staff	25,000	17,500	42,500	37,910	4,590
Total Unallocated Benefits	3,707,162	(206,288)	3,500,874	3,096,411	404,463

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
On-Behalf TPAF Contributions (Non-Budgeted)					
Pension Benefit Contribution				\$ 3,611,398	(3,611,398)
Pension - NCGI Premium				50,104	(50,104)
Post-Retirement Medical Benefit Contribution				961,868	\$ (961,868)
Long-Term Disability Insurance Premium				1,276	(1,276)
Reimbursed Social Security Contributions	-	-	-	768,959	(768,959)
Total On-Behalf TPAF Contributions	-	-	-	5,393,605	(5,393,605)
Total Undistributed Expenditures	\$ 12,964,933	\$ 813,546	\$ 13,778,479	17,509,968	(3,731,489)
Interest Deposit to Maintenance Reserve	150	-	150	-	150
Total Current Expenditures	23,534,542	895,136	24,429,678	27,379,722	(2,950,044)
CAPITAL OUTLAY					
EQUIPMENT					
Instruction					
Grades 1-5	10,000	40,568	50,568	45,568	5,000
Grades 6-8	5,000	-	5,000	3,850	1,150
Resource Room/Resource Center	5,000	-	5,000	-	5,000
Undistributed Expenditures - General Administration		3,108	3,108	3,108	-
Undistributed Expenditures - School Administration		68,952	68,952	34,632	34,320
Undistributed Expenditures - Administrative Information Technology	24,000	-	24,000	-	24,000
Undistributed Expenditures - Required Maintenance for School Facilities		36,818	36,818	36,818	-
Undistributed Expenditures - Custodial Services	-	11,481	11,481	-	11,481
Total Equipment	44,000	160,927	204,927	123,976	80,951
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		22,000	22,000	16,080	5,920
Construction Services	570,000	(18,939)	551,061	260,794	290,267
Assessment for Debt Service on SDA Funding	14,941	-	14,941	14,941	-
Total Facilities Acquisition and Construction Services	584,941	3,061	588,002	291,815	296,187
Interest Deposit to Capital Reserve	850	-	850	-	850
Total Capital Outlay	629,791	163,988	793,779	415,791	377,988
Total General Fund Expenditures	\$ 24,164,333	\$ 1,059,124	\$ 25,223,457	\$ 27,795,513	\$ (2,572,056)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (1,190,514)	\$ (1,059,124)	\$ (2,249,638)	\$ 1,747,962	\$ 3,997,600
Other Financing Sources (Uses)					
Transfer In - Enterprise Fund	-	-	-	2,700	2,700
Total Other Financing Sources (Uses)	-	-	-	2,700	2,700

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	\$ (1,190,514)	\$ (1,059,124)	\$ (2,249,638)	\$ 1,750,662	\$ 4,000,300
Fund Balance, Beginning of Year	9,110,335	-	9,110,335	9,110,335	-
Fund Balance, End of Year	<u>\$ 7,919,821</u>	<u>\$ (1,059,124)</u>	<u>\$ 6,860,697</u>	<u>\$ 10,860,997</u>	<u>\$ 4,000,300</u>
Recapitulation					
Restricted:					
Capital Reserve				\$ 5,175,833	
Capital Reserve - Designated for Subsequent Year's Expenditures				1,625,000	
Maintenance Reserve				713,985	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				100,000	
Emergency Reserve				250,000	
Unemployment Compensation Reserve				177,845	
Excess Surplus				700,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				500,000	
Committed:					
Year-End Encumbrances				51,722	
Assigned:					
Year-End Encumbrances				53,892	
Designated for Subsequent Year's Expenditures				389,562	
Unassigned Fund Balance				<u>1,123,158</u>	
				10,860,997	
Reconciliation to Governmental Fund Statements (GAAP)				\$ (767,448)	
Less: State Aid Revenue Not Recognized on the GAAP Basis				<u>(767,448)</u>	
Fund Balance, Governmental Statements (GAAP Basis)				<u>\$ 10,093,549</u>	

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 777,581	\$ 435,509	\$ 1,213,090	\$ 826,871	\$ (386,219)
State Sources	3,538	40,317	43,855	42,518	(1,337)
Local Sources	500	278,862	279,362	293,683	14,321
Total Revenues	<u>781,619</u>	<u>754,688</u>	<u>1,536,307</u>	<u>1,163,072</u>	<u>(373,235)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	255,554	88,352	343,906	216,770	127,136
Tuition	137,889	80,826	218,715	218,715	-
Textbooks	1,309	1,463	2,772	2,772	-
Supplies and Materials	40,941	10,830	51,771	36,119	15,652
Miscellaneous Expenditures		25,391	25,391	24,891	500
Co-Curricular/Extra-Curricular Activities	500	142,422	142,922	142,922	-
Total Instruction	<u>436,193</u>	<u>349,284</u>	<u>785,477</u>	<u>642,189</u>	<u>143,288</u>
Support Services:					
Salaries	189,598	1,802	191,400	126,702	64,698
Personal Services-Employee Benefits	55,540	12,804	68,344	68,344	-
Purchased Professional Technical Services	39,000	99,900	138,900	111,216	27,684
Purchased Professional Educational Services	1,288	11,033	12,321	4,324	7,997
Cleaning, Repair and Maintenance Services		26,998	26,998	26,998	-
Other Purchased Services	60,000	-	60,000	60,000	-
Supplies and Materials	-	19,303	19,303	19,303	-
Total Support Services	<u>345,426</u>	<u>171,840</u>	<u>517,266</u>	<u>416,887</u>	<u>100,379</u>
Capital Outlay					
Construction Services		81,516	81,516	79,549	1,967
Instructional Equipment	-	152,048	152,048	7,054	144,994
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>233,564</u>	<u>233,564</u>	<u>86,603</u>	<u>146,961</u>
Total Expenditures	<u>781,619</u>	<u>754,688</u>	<u>1,536,307</u>	<u>1,145,679</u>	<u>390,628</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	17,393	17,393
Fund Balance, July 1	64,695	-	64,695	64,695	-
Fund Balance, June 30	<u>\$ 64,695</u>	<u>\$ -</u>	<u>\$ 64,695</u>	<u>\$ 82,088</u>	<u>\$ 17,393</u>
Recapitulation of Fund Balance					
Restricted Fund Balances					
Student Activities				<u>\$ 82,088</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 29,543,475	\$ 1,163,072
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2022		43,000
Encumbrances, June 30, 2023		(4,025)
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes - Prior Year	737,392	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(767,448)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 29,513,419</u>	<u>\$ 1,202,047</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 27,795,513	\$ 1,145,679
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2022		43,000
Encumbrances, June 30, 2023	<u>-</u>	<u>(4,025)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 27,795,513</u>	<u>\$ 1,184,654</u>

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

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

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

	<u>2023</u>	<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)	0.01949%	0.02049%	0.02120%	0.02114%	0.02085%	0.02108%	0.02109%	0.02283%	0.02173%	0.02086%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,941,893</u>	<u>\$ 2,427,270</u>	<u>\$ 3,458,070</u>	<u>\$ 3,809,331</u>	<u>\$ 4,104,566</u>	<u>\$ 4,906,944</u>	<u>\$ 6,245,235</u>	<u>\$ 5,125,484</u>	<u>\$ 4,069,200</u>	<u>\$ 3,986,130</u>
District's Covered Payroll	<u>\$ 1,480,893</u>	<u>\$ 1,423,038</u>	<u>\$ 1,473,795</u>	<u>\$ 1,489,893</u>	<u>\$ 1,471,224</u>	<u>\$ 1,401,879</u>	<u>\$ 1,450,556</u>	<u>\$ 1,444,539</u>	<u>\$ 1,438,877</u>	<u>\$ 1,444,074</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	199%	171%	235%	256%	279%	350%	431%	355%	283%	276%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

	<u>2023</u>	<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	\$ 245,827	\$ 239,954	\$ 231,978	\$ 205,642	\$ 207,355	\$ 195,278	\$ 187,330	\$ 196,300	\$ 180,567	\$ 158,190
Contributions in Relation to the Contractually Required Contributions	<u>245,827</u>	<u>239,954</u>	<u>231,978</u>	<u>205,642</u>	<u>207,355</u>	<u>195,278</u>	<u>187,330</u>	<u>196,300</u>	<u>180,567</u>	<u>158,190</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 1,538,525</u>	<u>\$ 1,480,893</u>	<u>\$ 1,423,038</u>	<u>\$ 1,473,795</u>	<u>\$ 1,489,893</u>	<u>\$ 1,471,224</u>	<u>\$ 1,401,879</u>	<u>\$ 1,450,556</u>	<u>\$ 1,444,539</u>	<u>\$ 1,438,877</u>
Contributions as a Percentage of Covered Payroll	15.98%	16.20%	16.30%	13.95%	13.92%	13.27%	13.36%	13.53%	12.50%	10.99%

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

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

	<u>2023</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>47,011,593</u>	<u>47,019,797</u>	<u>63,389,956</u>	<u>55,710,729</u>	<u>59,263,312</u>	<u>62,614,967</u>	<u>73,284,063</u>	<u>57,612,766</u>	<u>49,936,169</u>	<u>46,868,652</u>
Total	<u>\$ 47,011,593</u>	<u>\$ 47,019,797</u>	<u>\$ 63,389,956</u>	<u>\$ 55,710,729</u>	<u>\$ 59,263,312</u>	<u>\$ 62,614,967</u>	<u>\$ 73,284,063</u>	<u>\$ 57,612,766</u>	<u>\$ 49,936,169</u>	<u>\$ 46,868,652</u>
District's Covered Payroll	<u>\$ 10,789,557</u>	<u>\$ 10,283,089</u>	<u>\$ 10,391,285</u>	<u>\$ 10,476,985</u>	<u>\$ 10,258,151</u>	<u>\$ 9,698,834</u>	<u>\$ 9,481,470</u>	<u>\$ 9,317,249</u>	<u>\$ 9,350,572</u>	<u>\$ 9,307,551</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	35.52%	24.60%	26.95%	26.48%	25.41%	22.33%	28.74%	33.64%	33.76%

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

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Change of Benefit Terms: None.

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

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

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Six Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service Cost	\$ 1,949,462	\$ 2,259,882	\$ 1,267,641	\$ 1,136,599	\$ 1,285,262	\$ 1,568,114
Interest on the Total OPEB Liability	889,327	1,051,452	983,833	1,180,556	1,245,270	1,068,374
Changes in Benefit Terms		(43,142)				
Differences Between Expected and Actual Experience	41,901	(6,992,959)	8,085,089	(4,463,907)	(2,455,140)	
Changes of Assumptions	(9,002,269)	39,988	8,223,333	405,831	(3,416,287)	(4,475,998)
Gross Benefit Payments	(880,905)	(828,250)	(783,735)	(835,529)	(796,046)	(661,790)
Contribution from the Member	<u>28,260</u>	<u>26,880</u>	<u>23,755</u>	<u>24,767</u>	<u>27,513</u>	<u>24,369</u>
Net Change in Total OPEB Liability	<u>(6,974,224)</u>	<u>(4,486,149)</u>	<u>17,799,916</u>	<u>(2,551,683)</u>	<u>(4,109,428)</u>	<u>(2,476,931)</u>
Total OPEB Liability - Beginning	<u>40,532,352</u>	<u>45,018,501</u>	<u>27,218,585</u>	<u>29,770,268</u>	<u>33,879,696</u>	<u>36,356,627</u>
Total OPEB Liability - Ending	<u>\$ 33,558,128</u>	<u>\$ 40,532,352</u>	<u>\$ 45,018,501</u>	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
District's Proportionate Share	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share	<u>\$ 33,558,128</u>	<u>\$ 40,532,352</u>	<u>\$ 45,018,501</u>	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
Total OPEB Liability - Ending	<u>\$ 33,558,128</u>	<u>\$ 40,532,352</u>	<u>\$ 45,018,501</u>	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
Covered Payroll	<u>\$ 12,270,450</u>	<u>\$ 11,706,127</u>	<u>\$ 11,865,080</u>	<u>\$ 11,966,878</u>	<u>\$ 11,729,375</u>	<u>\$ 11,100,713</u>
District's Proportionate Share of OPEB Liability as a Percentage of Covered Payroll:	0%	0%	0%	0%	0%	0%

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

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

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

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

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

NOT APPLICABLE

SPECIAL REVENUE FUND

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	E.S.E.A.		I. D. E. A.		Climate Awareness Education Grant	SDA Emergent & Capital Maintenance Needs	Nonpublic State Aid		Auxiliary Serv. (Chapter 192)	Handicapped Serv. (Chapter 193)		Total Exhibit E-1a	Grand Total
	Title I Part A	Part B Basic	Part B Preschool	E.S.L.			Textbook	Technology	Examination & Classification	Corrective Speech			
REVENUES:													
Federal Sources	\$ 46,784	\$ 266,103	\$ 12,612		\$ 6,660	\$ 26,998	\$ 2,772	\$ 1,764	\$ 301	\$ 1,326	\$ 2,697	\$ 501,372	\$ 826,871
State Sources	-	-	-		-	-	-	-	-	-	-	-	42,518
Local Sources	-	-	-		-	-	-	-	-	-	-	293,683	293,683
Total Revenues	46,784	266,103	12,612		6,660	26,998	2,772	1,764	301	1,326	2,697	795,055	1,163,072
EXPENDITURES:													
Instruction:													
Salaries of Teachers	\$ 30,800											\$ 185,970	216,770
Tuition		\$ 206,103	\$ 12,612									-	218,715
Textbooks							\$ 2,772					-	2,772
Supplies and Materials	276				\$ 6,660		\$ 1,764					27,419	36,119
Miscellaneous Expenditures												24,891	24,891
Co-Curricular/Extra-Curricular Activities												142,922	142,922
Total Instruction	31,076	206,103	12,612		6,660		2,772	1,764				381,202	642,189
Support Services:													
Salaries												126,702	126,702
Personal Services-Employee Benefits	15,708											52,636	68,344
Purchased Professional Technical Services												111,216	111,216
Purchased Professional Educational Services									\$ 301	\$ 1,326	\$ 2,697	-	4,324
Cleaning, Repair and Maintenance Services						\$ 26,998						-	26,998
Other Purchased Services		60,000										-	60,000
Supplies and Materials												19,303	19,303
Total Support Services	15,708	60,000				26,998			301	1,326	2,697	309,857	416,887
Capital Outlay													
Construction Services												79,549	79,549
Instructional Equipment												7,054	7,054
Total Capital Outlay												86,603	86,603
Total Expenditures	46,784	266,103	12,612		6,660	26,998	2,772	1,764	301	1,326	2,697	777,662	1,143,679
Excess (Deficiency) of Revenues Over (Under) Expenditures												17,393	17,393
Fund Balance, July 1												64,695	64,695
Fund Balance, June 30	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,088	\$ 82,088

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>American Rescue Plan - ESSER III</u>					<u>Student Activities</u>	<u>Local Donations</u>	<u>Total Exhibit E-1a</u>
	<u>CRRSA Act</u>		<u>Accelerated Learning Coach and Educator Support</u>	<u>Evidence-Based Summer Learning and Enrichment</u>	<u>Evidence-Based Comprehensive Beyond the School Day</u>			
	<u>ESSER II</u>	<u>ESSER III</u>						
REVENUES:								
Federal Sources	\$ 123,170	\$ 230,622	\$ 88,482	\$ 40,000	\$ 19,098			\$ 501,372
Local Sources	-	-	-	-	-	\$ 160,315	\$ 133,368	293,683
Total Revenues	123,170	230,622	88,482	40,000	19,098	160,315	133,368	795,055
EXPENDITURES:								
Instruction:								
Salaries of Teachers	\$ 24,470	\$ 75,284	\$ 53,866	\$ 30,000	\$ 2,350			185,970
Supplies and Materials				10,000	14,848		\$ 2,571	27,419
Miscellaneous Expenditures							24,891	24,891
Co-Curricular/Extra-Curricular Activities	-	-	-	-	-	\$ 142,922	-	142,922
Total Instruction	24,470	75,284	53,866	40,000	17,198	142,922	27,462	381,202
Support Services:								
Salaries	70,500	54,302			1,900			126,702
Personal Services-Employee Benefits	28,200	24,436						52,636
Purchased Professional Technical Services		76,600	34,616					111,216
Supplies and Materials	-	-	-	-	-	-	19,303	19,303
Total Support Services	98,700	155,338	34,616	-	1,900	-	19,303	309,857
Capital Outlay								
Construction Services		-					79,549	79,549
Instructional Equipment	-	-	-	-	-	-	7,054	7,054
Total Capital Outlay	-	-	-	-	-	-	86,603	86,603
Total Expenditures	123,170	230,622	88,482	40,000	19,098	142,922	133,368	777,662
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	17,393	-	17,393
Fund Balance, July 1	-	-	-	-	-	64,695	-	64,695
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,088	\$ -	\$ 82,088

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NOT APPLICABLE

PROPRIETARY FUNDS

NON-MAJOR ENTERPRISE FUNDS

CLOSTER BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	<u>Food Service</u>	<u>Laptop Insurance Program</u>	<u>Total Non-Major Enterprise Funds</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,905	\$ 17,760	\$ 20,665
Intergovernmental Accounts Receivable	310	-	310
	<hr/>	<hr/>	<hr/>
Total Current Assets	3,215	17,760	20,975
Noncurrent Assets			
Machinery and Equipment	\$ 15,173		15,173
Less: Accumulated Depreciation	(15,173)	-	(15,173)
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	3,215	17,760	20,975
NET POSITION			
Unrestricted	<hr/> 3,215	<hr/> 17,760	<hr/> 20,975
Total Net Position	<u>\$ 3,215</u>	<u>\$ 17,760</u>	<u>\$ 20,975</u>

**CLOSTER BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Food Service</u>	<u>Laptop Insurance Program</u>	<u>Total Non-Major Enterprise Funds</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable Programs	\$ 6,450		\$ 6,450
Program Fees	-	\$ 17,760	17,760
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	6,450	17,760	24,210
OPERATING EXPENSES			
Cost of Sales - Reimbursable Programs	7,215	-	7,215
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	7,215	-	7,215
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	(765)	17,760	16,995
NON-OPERATING REVENUES			
Federal Sources			
Special Milk Program	5,061	-	5,061
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues	5,061	-	5,061
	<hr/>	<hr/>	<hr/>
Income Before Transfers	4,296	17,760	22,056
Transfers Out - General Fund	(2,700)	-	(2,700)
	<hr/>	<hr/>	<hr/>
Change in Net Position	1,596	17,760	19,356
Total Net Position, Beginning of Year	1,619	-	1,619
	<hr/>	<hr/>	<hr/>
Total Net Position, End of Year	\$ 3,215	\$ 17,760	\$ 20,975
	<hr/>	<hr/>	<hr/>

**CLOSTER BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Food Service</u>	<u>Laptop Insurance Program</u>	<u>Total Non-Major Enterprise Funds</u>
Cash Flows from Operating Activities			
Cash Received from (Paid to) Customers	\$ 6,450	\$ 17,760	\$ 24,210
Cash Payments to Suppliers for Goods and Services	<u>(7,215)</u>	<u>-</u>	<u>(7,215)</u>
Net Cash Provided (Used) by Operating Activities	<u>(765)</u>	<u>17,760</u>	<u>16,995</u>
Cash Flows from Non-Capital Financing Activities			
Cash Received from State and Federal Reimbursements	4,979		4,979
Transfers to Other Funds	<u>(2,700)</u>	<u>-</u>	<u>(2,700)</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>2,279</u>	<u>-</u>	<u>2,279</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,514	17,760	19,274
Cash and Cash Equivalents, Beginning of Year	<u>1,391</u>	<u>-</u>	<u>1,391</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,905</u>	<u>\$ 17,760</u>	<u>\$ 20,665</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	<u>\$ (765)</u>	<u>\$ 17,760</u>	<u>16,995</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (765)</u>	<u>\$ 17,760</u>	<u>\$ 16,995</u>

INTERNAL SERVICE FUND

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

NOT APPLICABLE

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**CLOSTER BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2022</u>	<u>Retirements</u>	<u>Balance, June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>				
School Refunding Bonds	8/1/2013	\$ 2,790,000	4/1/24	\$ 270,000	2.35 %	\$ 540,000	\$ 270,000	\$ 270,000
						<u>\$ 540,000</u>	<u>\$ 270,000</u>	<u>\$ 270,000</u>

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINANCING AGREEMENTS AND LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

CLOSTER BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 282,690	-	\$ 282,690	\$ 282,690	-
Total Revenues	<u>282,690</u>	<u>-</u>	<u>282,690</u>	<u>282,690</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	12,690		12,690	12,690	
Redemption of Principal	<u>270,000</u>	<u>-</u>	<u>270,000</u>	<u>270,000</u>	<u>-</u>
Total Regular Debt Service	<u>282,690</u>	<u>-</u>	<u>282,690</u>	<u>282,690</u>	<u>-</u>
Total Expenditures	<u>282,690</u>	<u>-</u>	<u>282,690</u>	<u>282,690</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net Investment in Capital Assets	\$ 9,814,001	\$ 11,006,875	\$ 11,988,061	\$ 12,698,521	\$ 12,857,332	\$ 12,859,089	\$ 12,725,694	\$ 12,506,759	\$ 12,971,124	\$ 12,787,748
Restricted	2,590,536	2,826,876	2,929,437	2,096,757	2,465,334	2,767,421	3,616,955	4,512,459	5,959,171	7,874,751
Unrestricted	(2,721,410)	(2,949,655)	(3,286,663)	(3,162,132)	(3,840,268)	(3,893,030)	(3,519,103)	(2,340,238)	(1,898,811)	(1,513,245)
Total governmental activities net position	<u>\$ 9,683,127</u>	<u>\$ 10,884,096</u>	<u>\$ 11,630,835</u>	<u>\$ 11,633,146</u>	<u>\$ 11,482,398</u>	<u>\$ 11,733,480</u>	<u>\$ 12,823,546</u>	<u>\$ 14,678,980</u>	<u>\$ 17,031,484</u>	<u>\$ 19,149,254</u>
Business-type activities										
Net Investment in Capital Assets										
Restricted										
Unrestricted	\$ 7,490	\$ 6,837	\$ 8,615	\$ 8,922	\$ 21,345	\$ 2,307	\$ 8,488	\$ 1,448	\$ 1,619	\$ 20,975
Total business-type activities net position	<u>\$ 7,490</u>	<u>\$ 6,837</u>	<u>\$ 8,615</u>	<u>\$ 8,922</u>	<u>\$ 21,345</u>	<u>\$ 2,307</u>	<u>\$ 8,488</u>	<u>\$ 1,448</u>	<u>\$ 1,619</u>	<u>\$ 20,975</u>
District-wide										
Net Investment in Capital Assets	\$ 9,814,001	\$ 11,006,875	\$ 11,988,061	\$ 12,698,521	\$ 12,857,332	\$ 12,859,089	\$ 12,725,694	\$ 12,506,759	\$ 12,971,124	\$ 12,787,748
Restricted	2,590,536	2,826,876	2,929,437	2,096,757	2,465,334	2,767,421	3,616,955	4,512,459	5,959,171	7,874,751
Unrestricted	(2,713,920)	(2,942,818)	(3,278,048)	(3,153,210)	(3,818,923)	(3,890,723)	(3,510,615)	(2,338,790)	(1,897,192)	(1,492,270)
Total district net position	<u>\$ 9,690,617</u>	<u>\$ 10,890,933</u>	<u>\$ 11,639,450</u>	<u>\$ 11,642,068</u>	<u>\$ 11,503,743</u>	<u>\$ 11,735,787</u>	<u>\$ 12,832,034</u>	<u>\$ 14,680,428</u>	<u>\$ 17,033,103</u>	<u>\$ 19,170,229</u>

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

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

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 8,910,684	\$ 10,553,914	\$ 11,595,317	\$ 13,109,487	\$ 13,159,162	\$ 11,993,524	\$ 11,542,724	\$ 12,381,161	\$ 10,526,164	\$ 10,127,028
Special education	2,478,622	3,021,629	3,231,625	3,622,128	4,231,585	4,579,138	5,112,201	5,334,451	5,251,186	5,195,647
Other instruction	929,029	1,095,323	1,219,704	1,425,230	1,543,864	1,465,189	1,483,011	1,561,645	1,620,677	1,211,780
School Sponsored Activities and Athletics	94,457	104,000	130,874	128,324	138,886	144,469	110,328	149,247	123,534	219,129
Support Services:										
Student & instruction related services	2,278,238	2,535,342	2,636,133	2,833,221	2,691,068	2,842,579	2,642,524	3,439,990	3,871,088	4,330,008
General administration Services	752,564	843,106	781,338	820,760	896,526	843,292	588,670	648,660	594,824	590,931
School Administration services	1,046,264	912,043	1,128,951	1,218,962	1,225,447	1,055,365	1,125,058	1,297,226	1,184,038	1,118,147
Business / Central Services	347,464	461,551	518,820	594,053	698,980	809,328	834,914	838,727	710,063	752,736
Plant operations and maintenance	2,163,304	2,344,995	2,389,613	2,658,791	2,569,570	2,602,352	2,474,510	2,484,392	2,713,669	2,730,767
Pupil transportation	157,509	198,893	231,204	229,586	292,870	347,314	306,668	233,962	410,408	614,797
Interest on long-term debt	128,803	72,732	61,222	54,437	47,740	41,072	34,521	28,088	21,743	15,400
Total governmental activities expenses	19,286,938	22,143,528	23,924,801	26,694,979	27,495,698	26,723,622	26,255,129	28,397,549	27,027,394	26,906,370
Business-type activities:										
Food service	31,722	34,217	28,978	22,726	9,631	38,741	4,279	-	5,127	7,215
Total business-type activities expense	31,722	34,217	28,978	22,726	9,631	38,741	4,279	-	5,127	7,215
Total district expenses	\$ 19,318,660	\$ 22,177,745	\$ 23,953,779	\$ 26,717,705	\$ 27,505,329	\$ 26,762,363	\$ 26,259,408	\$ 28,397,549	\$ 27,032,521	\$ 26,913,585
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	\$ 407,960	\$ 394,577	\$ 423,143	\$ 382,786	\$ 355,064	\$ 503,526	\$ 477,638	\$ 399,219	\$ 669,854	\$ 581,350
Operating grants and contributions	2,533,652	4,982,587	5,886,012	7,838,106	8,103,908	6,988,349	6,261,406	8,917,654	7,209,959	6,237,146
Capital grants and contributions	22,314	326,736	255,455	-	-	-	-	-	103,658	129,603
Total governmental activities program revenues	2,963,926	5,703,900	6,564,610	8,220,892	8,458,972	7,491,875	6,739,044	9,316,873	7,983,471	6,948,099
Business-type activities:										
Charges for services										
Laptop Insurance Program										\$ 17,760
Food service	\$ 20,998	\$ 20,802	\$ 20,505	\$ 15,470	\$ 14,743	\$ 13,176	\$ 7,830		\$ 5,450	\$ 6,450
Operating grants and contributions	13,507	12,691	10,181	7,493	7,214	6,269	2,577		3,348	5,061
Total business-type activities program revenues	34,505	33,493	30,686	22,963	21,957	19,445	10,407	-	8,798	29,271
Total district program revenues	\$ 2,998,431	\$ 5,737,393	\$ 6,595,296	\$ 8,243,855	\$ 8,480,929	\$ 7,511,320	\$ 6,749,451	\$ 9,316,873	\$ 7,992,269	\$ 6,977,370
Net (Expense)/Revenue										
Governmental activities	\$ (16,323,012)	\$ (16,439,628)	\$ (17,360,191)	\$ (18,474,087)	\$ (19,036,726)	\$ (19,231,747)	\$ (19,516,085)	\$ (19,080,676)	\$ (19,043,923)	\$ (19,958,271)
Business-type activities	2,783	(724)	1,708	237	12,326	(19,296)	6,128	-	3,671	22,056
Total district-wide net expense	\$ (16,320,229)	\$ (16,440,352)	\$ (17,358,483)	\$ (18,473,850)	\$ (19,024,400)	\$ (19,251,043)	\$ (19,509,957)	\$ (19,080,676)	\$ (19,040,252)	\$ (19,936,215)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes	\$ 16,292,191	\$ 16,892,382	\$ 17,663,255	\$ 18,016,520	\$ 18,443,738	\$ 19,060,135	\$ 19,878,929	\$ 20,517,275	\$ 21,041,740	\$ 21,480,748
Taxes levied for debt service	1,031,901	663,568	339,646	336,818	330,119	318,422	306,843	295,380	289,035	282,690
Unrestricted Grants and Contributions		19,984	31,286	31,286	32,300	2,598				-
Investment earnings	16,667	10,436	13,449	14,683	15,621	6,607	38,251	8,611	13,441	195,922
Miscellaneous income	71,006	54,227	69,328	77,091	64,200	95,067	76,269	107,801	48,711	113,981
Transfers								7,043	3,500	2,700
Donation of Capital Assets	32,263									-
Total governmental activities	17,444,028	17,640,597	18,106,930	18,476,398	18,885,978	19,482,829	20,300,292	20,936,110	21,396,427	22,076,041
Business-type activities:										
Investment earnings	98	71	70	70	97	258	53	3		-
Transfers								(7,043)	(3,500)	(2,700)
Total business-type activities	98	71	70	70	97	258	53	(7,040)	(3,500)	(2,700)
Total district-wide	\$ 17,444,126	\$ 17,640,668	\$ 18,107,000	\$ 18,476,468	\$ 18,886,075	\$ 19,483,087	\$ 20,300,345	\$ 20,929,070	\$ 21,392,927	\$ 22,073,341
Change in Net Position										
Governmental activities	\$ 1,121,016	\$ 1,200,969	\$ 746,739	\$ 2,311	\$ (150,748)	\$ 251,082	\$ 784,207	\$ 1,855,434	\$ 2,352,504	\$ 2,117,770
Business-type activities	2,881	(653)	1,778	307	12,423	(19,038)	6,181	(7,040)	171	19,356
Total district	\$ 1,123,897	\$ 1,200,316	\$ 748,517	\$ 2,618	\$ (138,325)	\$ 232,044	\$ 790,388	\$ 1,848,394	\$ 2,352,675	\$ 2,137,126

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 2,428,591	\$ 3,291,997	\$ 3,829,436	\$ 2,996,755	\$ 3,365,333	\$ 3,642,421	\$ 4,336,009	\$ 5,718,544	\$ 7,144,476	\$ 9,242,663
Committed	393,062	213,708		584,518	69,312	71,131	223,549	514,447	95,078	51,722
Assigned	159,919	28,717	79,159	14,113	22,068	7,327	91,080	152,687	315,976	443,454
Unassigned	332,777	323,309	341,548	357,392	366,556	358,808	345,658	752,639	817,413	355,710
Total general fund	<u>\$ 3,314,349</u>	<u>\$ 3,857,731</u>	<u>\$ 4,250,143</u>	<u>\$ 3,952,778</u>	<u>\$ 3,823,269</u>	<u>\$ 4,079,687</u>	<u>\$ 4,996,296</u>	<u>\$ 7,138,317</u>	<u>\$ 8,372,943</u>	<u>\$ 10,093,549</u>
All Other Governmental Funds										
Restricted	<u>\$ 1,063,382</u>	<u>\$ 434,879</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,915</u>	<u>\$ 64,695</u>	<u>\$ 82,088</u>
Total all other governmental funds	<u>\$ 1,063,382</u>	<u>\$ 434,879</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,915</u>	<u>\$ 64,695</u>	<u>\$ 82,088</u>

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues								(Restated)		
Tax levy	\$ 17,324,092	\$ 17,555,950	\$ 18,002,901	\$ 18,353,338	\$ 18,773,857	\$ 19,378,557	\$ 20,185,772	\$ 20,812,655	\$ 21,330,775	\$ 21,763,438
Tuition charges	407,960	394,577	423,143	382,786	355,064	503,526	477,638	383,966	599,704	421,035
Interest earnings	16,667	10,436	13,449	14,683	15,621	6,607	38,251	8,611	13,441	195,922
Miscellaneous	71,006	54,227	69,328	77,091	65,231	200,076	137,304	189,820	162,740	407,664
State sources	2,308,787	2,841,908	3,124,703	3,148,088	3,671,452	4,248,697	4,696,549	5,705,627	7,140,408	7,324,758
Federal sources	247,179	263,007	266,098	259,608	271,458	348,871	349,013	490,267	1,018,058	885,339
Total revenue	20,375,691	21,120,105	21,899,622	22,235,594	23,152,683	24,686,334	25,884,527	27,590,946	30,265,126	30,998,156
Expenditures										
Instruction										
Regular instruction	8,878,053	9,002,581	9,711,083	10,017,920	10,545,805	10,582,628	10,774,095	10,916,869	11,043,059	11,130,649
Special education instruction	2,464,945	2,682,844	2,820,378	2,974,372	3,614,452	4,229,574	4,918,173	4,916,039	5,509,134	5,577,163
Other instruction	934,454	915,663	978,538	1,050,230	1,179,924	1,285,398	1,349,669	1,358,943	1,753,245	1,352,422
School sponsored activities and athletics	94,457	88,850	109,370	97,513	111,612	128,209	103,298	143,038	127,849	223,497
Support Services:										
Student & inst. related services	2,277,704	2,532,003	2,526,546	2,644,338	2,471,434	2,727,967	2,622,844	3,277,156	4,081,588	4,742,124
General administration Services	729,155	787,190	710,881	713,935	779,134	804,138	571,140	596,223	626,011	641,000
School Administration services	1,015,415	814,011	981,746	965,092	1,003,476	940,210	1,064,143	1,163,870	1,252,375	1,234,609
Business / Central Services	353,392	396,875	434,009	458,863	561,466	715,000	797,596	750,611	746,504	843,947
Plant operations and maintenance	1,673,632	1,802,229	1,653,580	1,870,635	1,722,214	1,812,344	1,709,821	1,668,869	2,055,522	2,085,965
Pupil transportation	157,509	198,723	230,697	228,349	290,234	346,436	306,726	233,804	412,094	618,338
Capital outlay	621,380	1,160,368	1,436,628	1,174,894	672,322	539,590	443,570	397,110	1,116,804	530,453
Debt service:										
Principal	946,942	648,466	290,000	285,000	285,000	280,000	275,000	270,000	270,000	270,000
Interest and other charges	145,279	75,423	58,632	51,817	45,120	38,423	31,843	25,380	19,035	12,690
Bond Issuance Costs	23,070									
Advance to Refunding Escrow	42,943									
Total expenditures	20,292,317	21,105,226	21,942,088	22,552,958	23,282,193	24,429,917	24,967,918	25,717,912	29,013,220	29,262,857
Excess (Deficiency) of revenues over (under) expenditures	83,374	14,879	(42,466)	(297,364)	(129,510)	256,417	916,609	1,873,034	1,251,906	1,735,299
Other Financing Sources (Uses)										
Payment to Refunding Bond Escrow Agent	(2,715,000)									
Refunding Bonds Issued	2,790,000									
Capital Lease Proceeds										
Transfers In	1,087,865		55,107					7,043	3,500	2,700
Transfers Out	(1,087,865)		(55,107)							
Total other financing sources (uses)	75,000	-	-	-	-	-	-	7,043	3,500	2,700
Net change in fund balances	\$ 158,374	\$ 14,879	\$ (42,466)	\$ (297,364)	\$ (129,510)	\$ 256,417	\$ 916,609	\$ 1,880,077	\$ 1,255,406	\$ 1,737,999
Debt service as a percentage of noncapital expenditures	5.55%	3.63%	1.70%	1.58%	1.46%	1.33%	1.25%	1.17%	1.04%	0.98%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Subscription Busing / Transportation Fees</u>	<u>Facility Rental Fees</u>	<u>E-Rate</u>	<u>Summer Program Registration Fees</u>	<u>OT/PT Service Fees</u>	<u>Misc.</u>	<u>Total</u>
2014	\$ 407,960	\$ 16,667						\$ 71,006	\$ 495,633
2015	394,577	10,436						54,227	459,240
2016	423,143	13,449						69,328	505,920
2017	382,786	14,683						77,091	474,560
2018	355,064	15,621						64,200	434,885
2019	503,526	6,607						95,067	605,200
2020	477,638	38,251						76,269	592,158
2021	383,966	8,611		\$ 10,797	\$ 4,789			92,215	500,378
2022	599,704	13,441		12,000	8,576			28,135	661,856
2023	421,035	195,922	\$ 14,280	49,940		\$ 15,905	\$ 28,413	5,443	730,938

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

Calendar Year Ended December 31.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate *
2014	\$ 21,831,400	\$ 1,799,979,800	\$ 4,541,600	\$ 30,500	\$ 219,295,200	\$ 19,545,700	\$ 959,600	\$ 2,066,183,800	\$ 100,000	\$ 2,066,283,800	\$ 2,030,585,074	\$ 0.844
2015	20,358,100	1,805,323,200	4,541,600	30,500	216,624,800	18,964,000	959,600	2,066,801,800	100,000	2,066,901,800	2,099,516,054	0.860
2016	19,884,100	1,816,990,700	4,612,200	30,500	216,412,100	18,964,000	959,600	2,077,853,200	100,000	2,077,953,200	2,129,915,670	0.875
2017	19,611,500	1,825,939,100	4,612,200	26,200	215,541,300	19,914,000	959,600	2,086,603,900	100,000	2,086,703,900	2,140,987,596	0.890
2018	18,196,800	1,884,747,100	5,037,000	25,100	237,104,000	21,569,100		2,166,679,100	100,000	2,166,779,100	2,168,261,971	0.881
2019	18,903,200	1,923,578,700	5,432,700	25,100	256,031,300	22,812,900		2,226,783,900	100,000	2,226,883,900	2,226,975,293	0.889
2020	18,627,800	1,956,453,700	5,547,400	25,100	265,247,800	23,968,500		2,269,870,300	100,000	2,269,970,300	2,293,283,498	0.904
2021	17,355,800	1,948,606,900	5,503,700	25,100	262,408,600	24,092,200		2,257,992,300	100,000	2,258,092,300	2,260,654,086	0.934
2022	17,045,800	2,049,815,100	5,712,700	25,100	293,427,400	44,225,800		2,410,251,900	100,000	2,410,351,900	2,399,639,232	0.894
2023	18,515,900	2,223,435,900	6,148,400	25,100	306,966,400	52,939,900		2,608,031,600	100,000	2,608,131,600	2,603,974,354	0.852

Source: County Abstract of Ratables

* Tax rates are per \$100

N/A = Not Available

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

Calendar Year	Total Direct Tax Rate	Overlapping Rates			Total
		Regional High School District	Municipality	County	
2014	.844	.520	.535	.230	\$2.129
2015	.860	.539	.547	.244	2.190
2016	.875	.553	.549	.262	2.239
2017	.890	.565	.569	.258	2.282
2018	.881	.544	.556	.245	2.226
2019	.889	.528	.555	.245	2.217
2020	.904	.525	.561	.251	2.241
2021	.934	.539	.578	.253	2.304
2022	.894	.523	.554	.241	2.212
2023	.852	.505	.548	.239	2.144

Source: Borough of Closter

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

Taxpayer	2023		Taxpayer	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Closter Mktplace (EBA) LLC	\$ 74,218,800	2.85%	Closter Mktplace (EBA) LLC	\$ 31,500,000	1.52%
Railroad Ave. Real Estate Holdings	22,398,800	0.86%	Closter Grocery	8,645,300	0.42%
50 Railroad LLC	12,299,100	0.47%	Capital Young Property LLC	7,447,600	0.36%
Closter Grocery	9,041,800	0.35%	Heidenberg Closter Assoc.	7,368,000	0.36%
Heidenberg Closter Assoc.	8,825,500	0.34%	Closter Golf	6,999,700	0.34%
Reuten Associates	8,150,800	0.31%	DWL Monmouth c/o Daniel Cho	4,553,500	0.22%
Closter Golf	7,987,800	0.31%	United Water New Jersey	5,891,200	0.29%
Fred Reuten, Inc.	7,872,500	0.30%	Reuten Associates	4,581,700	0.22%
Nippon Express USA	6,053,600	0.23%	BR NJ LLC	4,167,400	0.20%
Suez C/O Altus Group	5,891,200	0.23%	Fred Reuten, Inc.	4,492,400	0.22%
	<u>\$ 162,739,900</u>	<u>6.24%</u>		<u>\$ 85,646,800</u>	<u>4.14%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 17,324,092	\$ 17,324,092	100.00%	N/A
2015	17,555,950	17,555,950	100.00%	N/A
2016	18,002,901	18,002,901	100.00%	N/A
2017	18,353,338	18,353,338	100.00%	N/A
2018	18,773,857	18,005,367	95.91%	\$ 768,490
2019	19,378,557	19,378,557	100.00%	N/A
2020	20,185,772	20,185,772	100.00%	N/A
2021	20,812,655	20,812,655	100.00%	N/A
2022	21,330,775	21,330,775	100.00%	N/A
2023	21,763,438	21,763,438	100.00%	N/A

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

Governmental Activities

Fiscal Year Ended June 30,	General Obligation Bonds	Capital Financing Agreements	Total District	Population	Per Capita
2014	\$ 3,084,000	\$ 59,466	\$ 3,143,466	8,582	\$ 366
2015	2,495,000		2,495,000	8,591	290
2016	2,205,000		2,205,000	8,593	257
2017	1,920,000		1,920,000	8,605	223
2018	1,635,000		1,635,000	8,619	190
2019	1,355,000		1,355,000	8,548	159
2020	1,080,000		1,080,000	8,512	127
2021	810,000		810,000	8,446	96
2022	540,000		540,000	8,521	63
2023	270,000		270,000	8,514	* 32

Source: District records

* = Estimated

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

<u>General Obligation Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2014	\$ 3,084,000		\$ 3,084,000	0.15%	\$ 359
2015	2,495,000	\$ 8,988	3,075,012	0.15%	358
2016	2,205,000	8,987	2,486,013	0.12%	289
2017	1,920,000	1	2,204,999	0.11%	256
2018	1,635,000	2	1,919,998	0.09%	223
2019	1,355,000	1	1,354,999	0.06%	159
2020	1,080,000		1,080,000	0.05%	127
2021	810,000		810,000	0.04%	96
2022	540,000		540,000	0.02%	63
2023	270,000		270,000	0.01%	32

Source: District records

**CLOSTER BOARD OF EDUCATION
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF DECEMBER 31, 2022
 (Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Regional School District	\$ 2,225,070
Borough of Closter Board of Education	540,000
Borough of Closter	<u>19,382,558</u>
	<u>\$ 22,147,628</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	18,599,828
Bergen County Utilities Authority - Waste Water(B)	<u>3,169,572</u>
	<u>21,769,400</u>
Total Direct and Overlapping Debt	<u>\$ 43,917,028</u>

Source:

(1) Borough of Closter's 2022 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Closter by dividing the municipality's 2022 equalized value by the total 2022 equalized value for the County of Bergen.

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

Equalized valuation basis	
2022	\$ 2,578,912,797
2021	2,375,083,938
2020	<u>2,252,973,002</u>
	<u>\$ 7,206,969,737</u>
Average equalized valuation of taxable property	<u>\$ 2,402,323,246</u>
Debt limit (3% of average equalization value)	\$ 72,069,697
Total Net Debt Applicable to Limit	<u>270,000</u>
Legal debt margin	<u>\$ 71,799,697</u>

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 61,343,964	\$ 61,356,710	\$ 62,249,565	\$ 63,338,641	\$ 63,934,300	\$ 64,912,967	\$ 66,690,642	\$ 67,680,123	\$ 69,310,706	\$ 72,069,697
Total net debt applicable to limit	<u>3,084,000</u>	<u>2,495,000</u>	<u>2,205,000</u>	<u>1,920,000</u>	<u>1,635,000</u>	<u>1,355,000</u>	<u>1,080,000</u>	<u>810,000</u>	<u>540,000</u>	<u>270,000</u>
Legal debt margin	<u>\$ 58,259,964</u>	<u>\$ 58,861,710</u>	<u>\$ 60,044,565</u>	<u>\$ 61,418,641</u>	<u>\$ 62,299,300</u>	<u>\$ 63,557,967</u>	<u>\$ 65,610,642</u>	<u>\$ 66,870,123</u>	<u>\$ 68,770,706</u>	<u>\$ 71,799,697</u>
Total net debt applicable to the limit as a percentage of debt limit	5.03%	4.07%	3.54%	3.03%	2.56%	2.09%	1.62%	1.20%	0.78%	0.37%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population (A)</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2014	8,582	\$ 71,286	4.50%
2015	8,591	73,883	3.70%
2016	8,593	77,323	3.20%
2017	8,605	78,836	3.00%
2018	8,619	81,024	2.90%
2019	8,548	85,191	2.50%
2020	8,512	88,241	7.80%
2021	8,446	91,972	4.90%
2022	8,521	97,343	3.00%
2023	8,514	97,343 *	3.00% *

A - Estimated

Source: New Jersey State Department of Education

* - Estimated

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

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

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>	<u>2023</u>
Instruction										
Regular	67.0	64.0	65.0	85.0	72.6	72.0	71.0	71.0	71.0	72.0
Special education	13.0	13.5	13.0	22.5	18.2	27.0	27.0	27.0	27.0	27.0
Other instruction (ESL, Basic)	4.0	4.0	4.0	7.0	8.0	7.0	7.0	7.0	7.0	7.0
Co-curricular activities				0.2	0.2	0.2				
Support Services:										
Student and instruction related services	60.0	64.0	72.0	26.0	45.8	44.3	46.2	48.4	48.5	50.6
General administration	5.6	5.0	5.0	5.0	5.8	5.0	5.0	5.0	5.0	5.0
School administrative services	5.5	6.0	6.0	6.0	8.2	7.0	7.0	6.6	7.0	7.0
Central services	4.0	4.0	4.0	2.0	1.0	4.0	4.0	4.0	4.0	4.0
Plant operations and maintenance	11.0	11.0	11.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Pupil transportation	-	-	-	1.0	0.7	0.7	0.7	0.7	0.7	0.9
Total	<u>170.1</u>	<u>171.5</u>	<u>180.0</u>	<u>166.7</u>	<u>172.5</u>	<u>179.2</u>	<u>179.9</u>	<u>181.7</u>	<u>182.2</u>	<u>185.5</u>

Source: District Personnel Records

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

Teacher/Pupil Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	1,118	\$ 18,578,716	\$ 16,618	0.86%	104.5	12.06	11.1	1,123.9	1,084.7	0.05%	96.51%
2015	1,120	19,220,969	17,162	3.27%	101.0	11.08	12.6	1,120.5	1,082.6	-0.30%	96.62%
2016	1,114	20,156,828	18,094	5.43%	103.0	11.42	12.43	1,117.8	1,078.5	-0.24%	96.48%
2017	1,155	21,021,247	18,200	0.59%	105.0	12.1	12.1	1,131.5	1,087.7	1.23%	96.13%
2018	1,167	22,279,751	19,091	4.90%	98.7	11.70	11.9	1,165.7	1,120.2	3.02%	96.10%
2019	1,191	23,571,904	19,792	3.67%	106.0	11.80	11.4	1,200.8	1,150.3	3.01%	95.79%
2020	1,197	24,217,505	20,232	2.22%	106.0	12.10	12.3	1,195.4	1,152.9	-0.45%	96.44%
2021	1,156	25,025,422	21,648	7.00%	107.0	10.58	11.1	1,146.4	1,125.8	-4.10%	98.20%
2022	1,169 ^d	27,607,381	23,616	9.09%	107.0	9.88	10.1	1,180.8	1,131.4	3.00%	95.82%
2023	1,201 ^d	28,449,714	23,688	0.31%	109.0	10.14	10.5	1,204.0	1,143.3	1.96%	94.96%

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.
 - d Enrollment includes resident Charter School students.

N/A - Not Available

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

	<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>	<u>2023</u>
<u>District Building</u>										
<u>Hillside Elementary School</u>										
Square Feet	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650
Capacity (students)	666	666	666	666	666	666	666	666	666	666
Enrollment	562	577	617	652	684	677	666	614	618	626
 <u>Tenakill Middle School</u>										
Square Feet	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655
Capacity (students)	635	635	635	635	635	635	635	635	635	635
Enrollment	556	544	497	503	483	514	531	542	552	588

Number of Schools at June 30, 2023
 Elementary = 1
 Middle School = 1

Source: District Records

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

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

	Project # (s)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
*School Facilities											
Hillside School	N/A	\$ 202,406	\$ 184,374	\$ 211,589	\$ 214,809	\$ 176,262	\$ 193,305	\$ 160,192	\$ 164,119	\$ 190,816	\$ 131,919
Tenakill School	N/A	158,063	143,982	165,235	167,748	137,646	150,955	169,110	151,331	204,247	154,985
Grand Total		\$ 360,469	\$ 328,356	\$ 376,824	\$ 382,557	\$ 313,908	\$ 344,260	\$ 329,302	\$ 315,450	\$ 395,063	\$ 286,904

Source: District Records

**CLOSTER BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2023
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Property-Blanket Building/Contents	\$ 82,392,706	\$ 5,000
General Liability - General Aggregate	\$ 3,000,000	
General Liability - Each Occurrence	\$ 1,000,000	
Commercial Auto Liability	\$ 1,000,000	
Excess Liability - Firemen's Fund Ins. Co. (per Occurrence & Shared Aggregate)	\$ 25,000,000	
Excess Unshared Umbrella - Hudson/Allied/Evanston Insurance Companies	\$ 30,000,000	
Umbrella Liability - Great American insurance Company (Per Occurrence and Aggregate)	\$ 9,000,000	
Educator's Legal Liability - Greenwich Insurance Company	\$ 1,000,000	
Employee Benefits Liability - Great American Insurance Company (Policy Aggregate)	\$ 1,000,000 \$ 2,000,000	\$ 1,000
Public Employee Dishonesty - Selective Ins. Co. of America		
(per employee)	\$ 100,000	\$ 5,000
(per loss)	\$ 500,000	\$ 100,000
Pollution Liability - Evanston Insurance		
(aggregate)	\$ 2,000,000	\$ 25,000
(Fund Aggregate)	\$ 20,000,000	
Cyber Liability - Indian Harbor		
(Group Aggregate subject to sub-limits)	\$ 6,000,000	
(1st party - per occurrence)	\$ 2,000,000	

Source: School Insurance Records

SINGLE AUDIT SECTION

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education as of and for the fiscal year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Closter Board of Education's basic financial statements and have issued our report thereon dated November 6, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lerch, Vinci & Bliss, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 6, 2023

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Closter Board of Education's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Closter Board of Education's major federal and state programs for the fiscal year ended June 30, 2023. The Closter Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Closter Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Closter Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Closter Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Closter Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

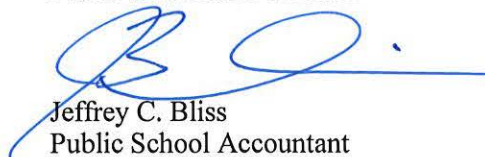
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education, as of and for the fiscal year ended June 30, 2023, 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 November 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

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 6, 2023

CLOSTER BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance at June 30, 2022				Balance at June 30, 2023		Memo GAAP Receivable
				From	To	Accounts Receivable	Unearned Revenue	Cash Received	Budgetary Expenditures	Accounts Receivable	Unearned Revenue	
U.S. Department of Agriculture												
Passed-through State Department of Education												
Food Service Fund:												
Special Milk Program for Children	10.556	231NJ304N1099	\$ 5,061	7/1/22	6/30/23			\$ 4,751	\$ 5,061	\$ (310)	-	\$ (310)
Special Milk Program for Children	10.556	221NJ304N1099	3,348	7/1/21	6/30/22	\$ (228)	-	228	-	-	-	-
Total Food Service Fund						(228)	-	4,979	5,061	(310)	-	(310)
U.S. Department of Law and Public Safety												
Passed-through State Department of Education												
General Fund:												
FEMA - Coronavirus Relief Fund	21.019	N/A	19,493	7/1/22	6/30/23	-	-	19,493	19,493	-	-	-
Total General Fund						-	-	19,493	19,493	-	-	-
U.S. Department of Education												
Passed-through State Department of Education												
Special Revenue Fund:												
Title I, Part A	84.010	S010A220030	46,784	7/1/22	6/30/23			27,720	46,784	(19,064)	-	(19,064)
Title I, Part A	84.010	S010A210030	50,752	7/1/21	9/30/22	\$ (19,195)	-	19,195	-	-	-	-
Total ESEA Title I, Part A Cluster						(19,195)	-	46,915	46,784	(19,064)	-	(19,064)
I.D.E.A. Part B, Basic Regular	84.027A	H027A220100	266,103	7/1/22	9/30/23			266,103	266,103	-	-	-
I.D.E.A. Part B, Preschool	84.173A	H173A220114	12,612	7/1/22	9/30/23			12,612	12,612	-	-	-
Total Special Education Cluster (IDEA)						-	-	278,715	278,715	-	-	-
ESSER II - Coronavirus Response and Relief Supplem. Appropriations	84.425D	S425D200027	340,742	3/13/20	9/30/23	(160,116)	\$ 123,170	124,010	123,170	(36,106)	-	(36,106)
ESSER II - Learning Acceleration	84.425D	S425D200027	25,000	3/13/20	9/30/23	(313)		313		-	-	-
ESSER II - Mental Health	84.425D	S425D200027	45,000	3/13/20	9/30/23	(16,706)		16,706		-	-	-
American Rescue Plan (ARP) - ESSER III	84.425U	S425U210027	765,796	3/13/20	9/30/24	(577,638)	434,241	299,158	230,622	(278,480)	\$ 203,619	(74,861)
American Rescue Plan (ARP) - Accelerated Learning Coach and Educator Support	84.425U	S425U210027	100,598	3/13/20	9/30/24	(100,598)	100,598	86,632	88,482	(13,966)	12,116	(1,850)
American Rescue Plan (ARP) - Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	40,000	3/13/20	9/30/24	(40,000)	40,000	40,000	40,000	-	-	-
American Rescue Plan (ARP) - Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027	40,000	3/13/20	9/30/24	(40,000)	40,000	14,724	19,098	(25,276)	20,902	(4,374)
American Rescue Plan (ARP) - NJTSS Mental Health Support Staffing	84.425U	S425U210027	45,000	3/13/20	9/30/24	(45,000)	45,000	-	-	(45,000)	45,000	-
Total Elementary and Secondary School Emergency Relief Fund Cluster (ESSER)						(980,371)	783,009	581,543	501,372	(398,828)	281,637	(117,191)
Total Special Revenue Fund						(999,566)	783,009	907,173	826,871	(417,892)	281,637	(136,255)
Subtotal Federal Financial Awards						\$ (999,794)	\$ 783,009	\$ 931,645	\$ 851,425	\$ (418,202)	\$ 281,637	\$ (136,565)

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

CLOSTER BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022			Balance at June 30, 2023			MEMO		
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
Special Education Categorical Aid	23-495-034-5120-089	\$ 1,055,942	7/1/22	6/30/23			\$ 966,508	\$ 1,055,942		\$ (89,434)		\$ 1,055,942	
Special Education Categorical Aid	22-495-034-5120-089	839,510	7/1/21	6/30/22	\$ (67,020)		67,020						
Security Aid	23-495-034-5120-084	91,347	7/1/22	6/30/23			83,610	91,347		(7,737)		91,347	
Security Aid	22-495-034-5120-084	91,347	7/1/21	6/30/22	(7,292)		7,292						
Total State Aid Public Cluster					(74,312)		1,124,430	1,147,289		(97,171)		1,147,289	
Transportation Aid	23-495-034-5120-014	93,632	7/1/22	6/30/23			85,702	93,632		(7,930)		93,632	
Transportation Aid	22-495-034-5120-014	93,632	7/1/21	6/30/22	(7,475)		7,475						
Additional Nonpublic Transportation Aid	23-495-034-5120-014	12,773	7/1/22	6/30/23			12,980	12,773		(12,773)	\$ (12,773)	12,773	
Additional Nonpublic Transportation Aid	22-495-034-5120-014	12,980	7/1/21	6/30/22	(12,980)		12,980						
Total Transportation Aid Cluster					(20,455)		106,157	106,405		(20,703)	(12,773)	106,405	
Extraordinary Aid	23-495-034-5120-044	662,347	7/1/22	6/30/23				662,347		(662,347)		662,347	
Extraordinary Aid	22-495-034-5120-044	655,605	7/1/21	6/30/22	(655,605)		655,605						
Total Extraordinary Aid					(655,605)		655,605	662,347		(662,347)		662,347	
Reimbursed TPAF Social Security Tax	23-495-034-5094-003	768,959	7/1/22	6/30/23			712,126	768,959		(56,833)	(56,833)	768,959	
Total Reimbursed TPAF Social Security Tax							712,126	768,959		(56,833)	(56,833)	768,959	
Lead Testing for Schools Aid	23-495-034-5120-104	2,650	7/1/22	6/30/23			2,650	2,650				2,650	
Total Lead Testing for Schools Aid							2,650	2,650				2,650	
On-Behalf TPAF - Pension Contribution	23-495-034-5094-002	3,611,398	7/1/22	6/30/23			3,611,398	3,611,398				3,611,398	
On-Behalf TPAF - Pension - NCGI Premium	23-495-034-5094-004	50,104	7/1/22	6/30/23			50,104	50,104				50,104	
On-Behalf TPAF - Post-Retirement Medical Benefits	23-495-034-5094-001	961,868	7/1/22	6/30/23			961,868	961,868				961,868	
On-Behalf TPAF - LTDI Premium	23-495-034-5094-004	1,276	7/1/22	6/30/23			1,276	1,276				1,276	
On-Behalf Teachers' Pension and Annuity Fund Cluster							4,624,646	4,624,646				4,624,646	
Total General Fund					(750,372)		7,225,514	7,312,296		(837,054)	(69,606)	7,312,296	
Special Revenue Fund:													
Schools Development Authority													
Emergent and Capital Maintenance Needs	N/A	26,998	7/1/22	6/30/23			26,998	26,998				26,998	
Total Schools Development Authority							26,998	26,998				26,998	
State Department of Education													
Climate Awareness Education Grant	20E00160	6,660	4/1/23	6/30/23			6,660	6,660				6,660	
Total Climate Awareness Education Grant							6,660	6,660				6,660	
N.J. Nonpublic Aid - Other:													
Textbook Aid	23-100-034-5120-064	2,772	7/1/22	6/30/23			2,772	2,772				2,772	
Technology Aid	23-100-034-5120-373	1,764	7/1/22	6/30/23			1,764	1,764				1,764	
Total N.J. Nonpublic Aid - Other							4,536	4,536				4,536	
Nonpublic Auxiliary Aid Services (Chapter 192):													
English as a Second Language	23-100-034-5120-067	902	7/1/22	6/30/23			902	301		\$ 601		301	
Nonpublic Auxiliary Services Aid (Chapter 192) Cluster:							902	301				301	
Nonpublic Handicapped Aid (Chapter 193):													
Initial Examination and Classification	23-100-034-5120-066	3,979	7/1/22	6/30/23			3,979	1,326		2,653		1,326	
Speech Correction	23-100-034-5120-066	7,440	7/1/22	6/30/23			7,440	2,697		4,743		2,697	
Speech Correction	22-100-034-5120-066	3,534	7/1/21	6/30/22		\$ 1,116			\$ 1,116				
Nonpublic Handicapped Aid (Chapter 193) Cluster:						1,116	11,419	4,023	1,116		7,396	4,023	
Total Special Revenue Fund						1,116	50,515	42,518	1,116		7,997	42,518	
Total State Financial Assistance					\$ (750,372)	\$ 1,116	\$ 7,276,129	\$ 7,354,814	\$ 1,116	\$ (837,054)	\$ 7,997	\$ (69,606)	\$ 7,354,814
Less: On-Behalf TPAF Contributions													
On-Behalf TPAF - Pension Contribution	23-495-034-5094-002							(3,611,398)					
On-Behalf TPAF - Pension - NCGI Premium	23-495-034-5094-004							(50,104)					
On-Behalf TPAF - Post-Retirement Medical Benefits	23-495-034-5094-001							(961,868)					
On-Behalf TPAF - LTDI Premium	23-495-034-5094-004							(1,276)					
Total for State Financial Assistance-Major Program Determination								\$ 2,730,168					

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 REPORTING ENTITY

The Closter Board of Education (the "Board" or the "District") received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Board is the reporting entity for these programs. The Board is defined in Note 1 (A) to the Board's Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") present the activity of all federal and state programs of the Board. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board's financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board's summary of significant accounting policies are described in Note 1 to the Board's financial statements.

NOTE 4 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 \$30,056 for the general fund and an increase of \$38,975 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	\$ 19,493	\$ 7,282,240	\$ 7,301,733
Special Revenue Fund	865,846	42,518	908,364
Food Service Fund	<u>5,061</u>	<u>-</u>	<u>5,061</u>
Total Awards Financial Assistance	<u>\$ 890,400</u>	<u>\$ 7,324,758</u>	<u>\$ 8,215,158</u>

**CLOSTER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 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 6 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 \$768,959 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, 2023. The amount reported as TPAF Pension System Contributions in the amount of \$3,661,502, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$961,868 and TPAF Long-Term Disability Insurance in the amount of \$1,276 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2023.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 8 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.

**CLOSTER BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

Internal Control over compliance:

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

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? yes X no

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

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

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

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

Identification of major programs:

State Grant/Project Number(s)

23-495-034-5094-003

Name of State Program

Reimbursed TPAF Social Security Tax

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

Auditee qualified as low-risk auditee? X yes _____ no

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Part 2 - Schedule of Financial Statement Findings

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

There are none.

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

CURRENT YEAR STATE AWARDS

There are none.

**CLOSTER BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.