

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

North Caldwell, New Jersey

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

of the

North Caldwell Board of Education

North Caldwell, New Jersey

For The Fiscal Year Ended June 30, 2023

Prepared by

Business Office

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INTRODUCTORY SECTION



NORTH CALDWELL BOARD OF EDUCATION
132A GOULD AVENUE
NORTH CALDWELL, NJ 07006

February 28, 2024

Honorable President and
Members of the Board of Education
North Caldwell School District
County of Essex, New Jersey

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the North Caldwell School District (the “Board” or “District”) for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the North Caldwell School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

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

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District’s organizational chart, and a list of principal officials. The financial section includes the Independent Auditors’ Report, Management’s Discussion and Analysis and basic financial statements including the District-Wide financial statements presented in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statements. The basic financial statements also include individual fund financial statements, Notes to Financial Statements and Required Supplementary Information (RSI). 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 requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), and the State 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 questioned costs, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

The North Caldwell School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The North Caldwell Board of Education constitutes the District’s reporting entity. The District has no component units included in this report which meet the criteria of legally separate entities for which the District is financially accountable. In addition, the District is not includable in any other reporting entity as a component unit.

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, bilingual instruction in Spanish, as well as special education. The District completed the 2022/2023 fiscal year with an enrollment of 702 which is 4 students more than the previous year’s enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2022-23	702	0.57%
2021-22	698	1.01%
2020-21	691*	-0.01%
2019-20	694	3.43%
2018-19	671	-0.01%
2017-18	675	-0.01%
2016-17	685	0.00%
2015-16	685	3.32%
2014-15	663	-0.01%
2013-14	673	-0.02%

*9 student withdrawals due to covid 19

ECONOMIC CONDITION AND OUTLOOK

The North Caldwell School District continues to provide a high-quality education while maintaining a fiscally conservative approach. The Board has controlled costs and been mindful of the impact of its decisions on the local taxpayer. The State of New Jersey continues to add costly mandates with a 2% tax levy budget CAP. Despite the challenging environment, the North Caldwell School District is committed to move forward with the expectation of full compliance to regulations, adherence to the strict budget CAP and understanding of the difficult economic conditions of our taxpayers while continuing to provide high quality instruction to students.

RELEVANT FINANCIAL POLICES

The operations of the North Caldwell School District are financed primarily through the local property tax levy; however, the District receives additional revenue from state and federal aid along with other miscellaneous local revenues. The school portion of the property tax levy, the largest revenue source for the district, has been held relatively stable over the past five years despite increases and decreases in contractual salaries and benefits, special educational placements, and related transportation.

The administration continues to operate under the District's Standard Operating Procedures and Internal Controls which are reviewed and updated annually by the School Business Administrator. The policies include internal controls, accounting, budget development and purchasing in addition to other standardized procedures.

INTERNAL ACCOUNTING CONTROLS

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

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

BUDGETARY CONTROLS

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

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

OTHER INFORMATION

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Bliss, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Uniform Guidance and the State OMB Circular 15-08. The auditor’s report on the basic financial statements is included in the financial section of this report. The auditor’s report related specifically to the single audit and Government Auditing Services is included in the single audit section of this report.

ACKNOWLEDGEMENTS

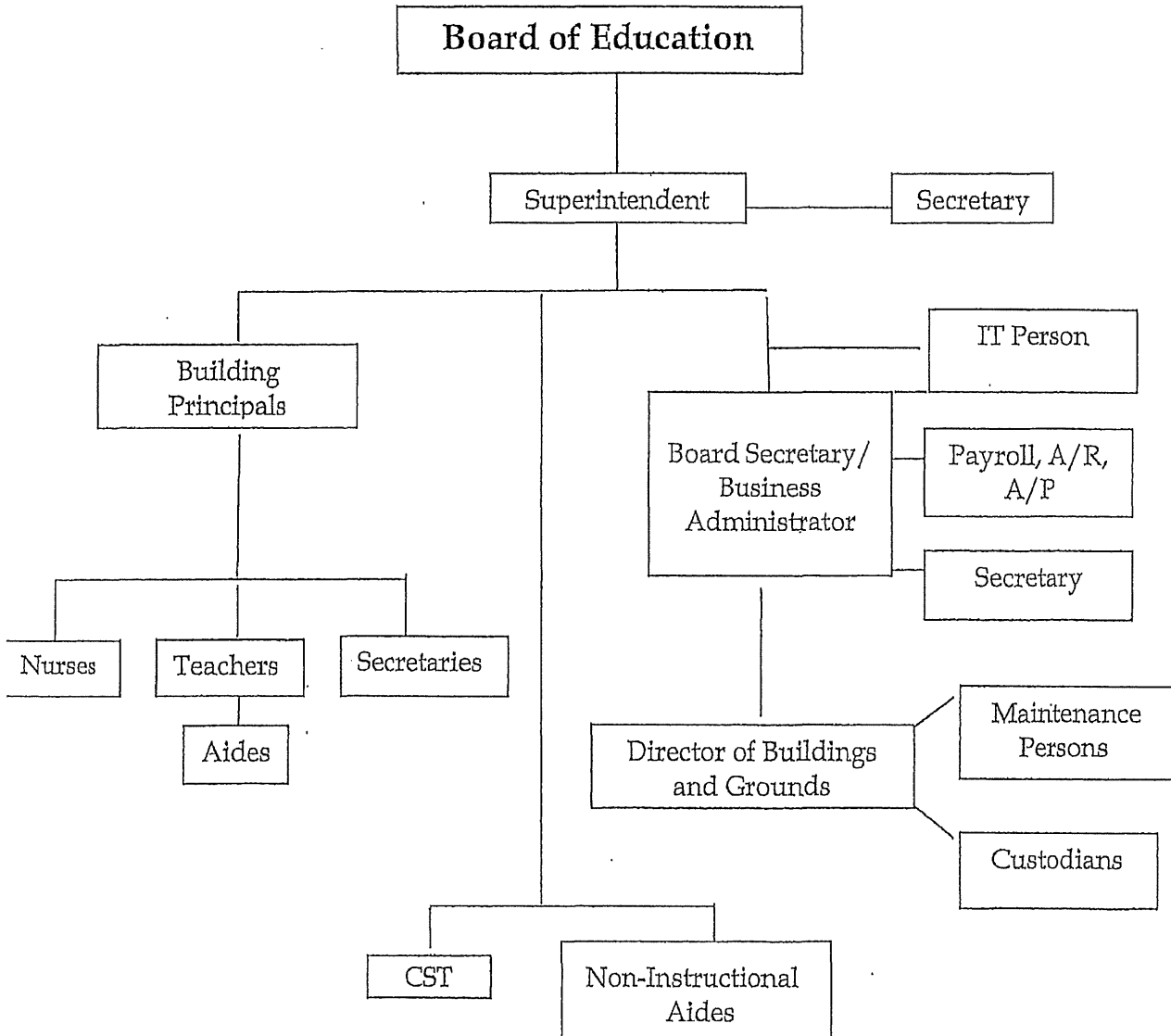
We would like to express our appreciation to the members of the North Caldwell School District for the concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

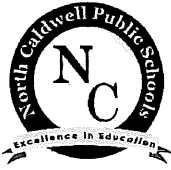
Respectfully submitted,



Michael W. Halik
Business Administrator/Board Secretary

NORTH CALDWELL BOARD OF EDUCATION
ORGANIZATION CHART
 (Unit Control)





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

**ROSTER OF OFFICIALS
June 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Melinda (Mindy) Opper, President	2024
Jordan Shumofsky, Vice President	2023
Sapna Malige	2023
Johanna Stroever	2024
Eric Finkelstein	2025

Other Officials

Linda Freda, Superintendent of Schools

Michael Halik, Business Administrator / Board Secretary

Steven Lella, Treasurer of School Monies

**NORTH CALDWELL BOARD OF EDUCATION
Consultants and Advisors**

Architect

DiCara Rubino Architects
30 Galesi Drive
Wayne, NJ 07470

Audit Firm

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

Attorneys

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 Paul Street
Westfield, NJ 07090

Wilentz, Goldman & Spitzer, P.A.
90 Woodbridge Center
Woodbridge, NJ 07095

Official Depository

Valley National Bank
15 Roseland Avenue
Caldwell, NJ 07006

Disclosure Agent

Phoenix Advisors, LLC
4 West Park Street
Bordentown, NJ 08505

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 M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
North Caldwell Board of Education
132A Gould Avenue
North Caldwell, New Jersey 07006

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Caldwell 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 and each major fund of the North Caldwell Board of Education as of June 30, 2023, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Caldwell Board of Education's basic financial statements. The accompanying fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the North Caldwell Board of Education. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2024 on our consideration of the North Caldwell Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Caldwell Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the North Caldwell Board of Education's internal control over financial reporting and compliance.

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



Elizabeth A. Shick
Public School Accountant
PSA Number CS00203200

Fair Lawn, New Jersey
February 28, 2024

REQUIRED SUPPLEMENTARY INFORMATION - PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH CALDWELL BOARD OF EDUCATION

Management's Discussion and Analysis

This section of North Caldwell Board of Education's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. The intent of this section is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

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

- The assets and deferred outflows of resources of the North Caldwell Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$18,563,103 (net position).
- Overall District revenues were \$19,672,111. General revenues accounted for \$15,033,345 or 76% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,638,766 of total revenues.
- The School District had \$17,858,245 in expenses for governmental activities; only \$4,638,766 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$15,033,345 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$13,019,496 an increase of \$1,455,132 when compared to the ending fund balance at June 30, 2022 of \$11,564,364.
- The General Fund unassigned fund balance at June 30, 2023 of \$225,138, a decrease of \$188,761 when compared with the ending fund balance of \$413,899 at June 30, 2022.
- The General Fund unassigned budgetary fund balance at June 30, 2023 was \$1,035,721 which represents a decrease of \$282,982 when compared to the ending unassigned fund balance at June 30, 2022 of \$1,318,703.

NORTH CALDWELL BOARD OF EDUCATION

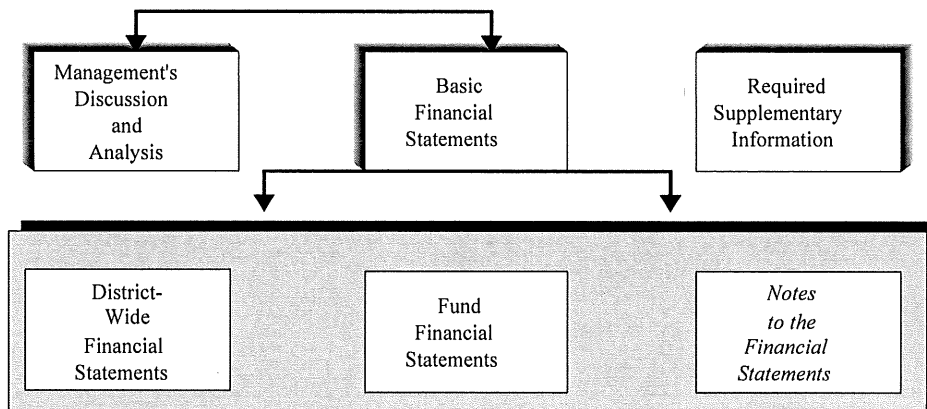
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The Governmental Funds statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



NORTH CALDWELL BOARD OF EDUCATION

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

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

NORTH CALDWELL BOARD OF EDUCATION

Management's Discussion and Analysis

District-Wide Financial Statements

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

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

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

In the district-wide financial statements the District's activities are shown in one category:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

NORTH CALDWELL BOARD OF EDUCATION

Management's Discussion and Analysis

Fund Financial Statements (Continued)

The District has one kind of fund:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

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 these 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.

NORTH CALDWELL BOARD OF EDUCATION

Management's Discussion and Analysis

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,563,103 and \$16,749,237 as of June 30, 2023 and 2022, respectively, as shown below.

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.

Net Position as of June 30, 2023 and 2022

	Governmental	
	Activities	
	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	\$ 13,059,923	\$ 11,716,083
Capital Assets	<u>9,290,452</u>	<u>9,747,011</u>
Total Assets	<u>22,350,375</u>	<u>21,463,094</u>
Deferred Outflows of Resources		
Deferred Amounts on Net Pension Liability	296,735	378,593
Deferred Amounts on Refunding of Debt	<u>-</u>	<u>3,457</u>
Total Deferred Outflows	<u>296,735</u>	<u>382,050</u>
Total Assets and Deferred Outflows	<u>22,647,110</u>	<u>21,845,144</u>
Liabilities		
Long-Term Liabilities	3,198,074	3,035,143
Other Liabilities	<u>40,427</u>	<u>159,444</u>
Total Liabilities	<u>3,238,501</u>	<u>3,194,587</u>
Deferred Inflows of Resources		
Deferred Amounts on Net Pension Liability	<u>845,506</u>	<u>1,901,320</u>
Total Deferred Inflows	<u>845,506</u>	<u>1,901,320</u>
Total Liabilities and Deferred Inflows	<u>4,084,007</u>	<u>5,095,907</u>
Net Position		
Net Investment in Capital Assets	9,290,452	9,231,688
Restricted	11,524,673	9,559,732
Unrestricted	<u>(2,252,022)</u>	<u>(2,042,183)</u>
Total Net Position	<u>\$ 18,563,103</u>	<u>\$ 16,749,237</u>

NORTH CALDWELL BOARD OF EDUCATION

Management's Discussion and Analysis

The changes in net position for fiscal years ended 2023 and 2022 are as follows:

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues		
Charges for Services	\$ 143,447	\$ 147,079
Operating Grants and Contributions	4,495,319	5,233,930
Capital Grants and Contributions	-	49,500
General Revenues		
Property Taxes	14,485,600	14,123,059
Miscellaneous	547,745	101,099
	<u>19,672,111</u>	<u>19,654,667</u>
Expenses		
Instruction		
Regular	6,487,716	6,921,658
Special Education	3,960,036	3,751,332
School Sponsored Activities and Athletics	39,375	23,384
Support Services		
Student and Instruction Related Services	2,383,191	2,393,274
General Administration Services	590,603	553,928
School Administration Services	684,749	696,791
Business Services	700,934	601,740
Plant Operation and Maintenance	2,320,729	2,135,843
Pupil Transportation	678,360	730,560
Interest and Other Chgs on Long-Term Debt	12,552	31,329
	<u>17,858,245</u>	<u>17,839,839</u>
Change in Net Position	1,813,866	1,814,828
Net Position, Beginning of Year	<u>16,749,237</u>	<u>14,934,409</u>
Net Position, End of Year	<u>\$ 18,563,103</u>	<u>\$ 16,749,237</u>

NORTH CALDWELL BOARD OF EDUCATION

Management's Discussion and Analysis

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved significantly. However, maintaining existing programs with changing enrollments, the provision of a multitude of special programs/services for disabled pupils, and increases in District health benefits costs places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Total and Net Cost of Governmental Activities. The following schedule presents the District's total costs of services provided by major activity. After applying program revenues, derived from charges for services, operating grants and contributions and capital grants and contributions, the net cost of these services is presented. The following is a comparative analysis of the total and the net cost of governmental activities for the fiscal years ended June 30, 2023 and 2022.

	<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				
Regular	\$ 6,487,716	\$ 6,921,658	\$ 5,016,544	\$ 5,030,897
Special Education	3,960,036	3,751,332	1,784,989	1,545,236
School Sponsored Activities and Athletics	39,375	23,384	(7,539)	299
Support Services				
Student and Instruction Related Services	2,383,191	2,393,274	2,047,843	1,986,610
General Administration	590,603	553,928	491,617	437,862
School Administration Services	684,749	696,791	557,062	533,944
Business Services	700,934	601,740	573,438	454,673
Plant Operation and Maintenance	2,320,729	2,135,843	2,159,013	1,750,090
Pupil Transportation	678,360	730,560	583,960	638,390
Interest and Other Charges on Long-Term Debt	<u>12,552</u>	<u>31,329</u>	<u>12,552</u>	<u>31,329</u>
Total	<u>\$ 17,858,245</u>	<u>\$ 17,839,839</u>	<u>\$ 13,219,479</u>	<u>\$ 12,409,330</u>

NORTH CALDWELL BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, 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.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$13,019,496, an increase of \$1,455,132 from last year's fund balance of \$11,564,364.

Revenues for the District's governmental funds were \$20,405,582; total expenditures were \$18,950,450.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students.

Revenues and other financing sources of the General Fund were \$19,291,656 for the fiscal year ended June 30, 2023. State sources amounted to \$4,658,969 and local sources were \$14,594,278. Other financing sources totaled \$38,409.

Expenditures and other financing uses of the General Fund were \$17,850,420. Instructional expenditures were \$10,839,572, expenditures for support services were \$6,872,670 and capital expenditures totaled \$43,178 for the fiscal year ended June 30, 2023. Other financing uses totaled \$95,000.

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

Revenues of the Special Revenue Fund were \$616,735 for the fiscal year ended June 30, 2023. State sources amounted to \$15,420, federal sources totaled \$554,401 and local sources were \$46,914.

Expenditures of the Special Revenue Fund were \$609,196. Instructional expenditures were \$308,915 and expenditures for support services were \$300,281 for the fiscal year ended June 30, 2023.

Capital Projects - The capital projects revenues and other financing sources exceeded expenditures and other financing uses by \$6,357 increasing the fund balance from \$38,409 at June 30, 2022 to \$44,766 at June 30, 2023.

NORTH CALDWELL BOARD OF EDUCATION

Management's Discussion and Analysis

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of June 30, 2022 encumbrances.
- Appropriation of Capital Reserve

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2023 and 2022 amounts to \$9,290,452 and \$9,747,011 (net of accumulated depreciation), respectively. The capital assets consist of land, site improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal year 2022-2023 amounted to \$549,971 for governmental activities.

The following is a comparative analysis of net capital assets at June 30, 2023 and 2022.

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Land	\$ 52,316	\$ 52,316
Construction in Progress	50,234	-
Buildings and Improvements	8,963,952	9,430,746
Machinery and Equipment	<u>223,950</u>	<u>263,949</u>
Total	<u>\$ 9,290,452</u>	<u>\$ 9,747,011</u>

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

LONG TERM LIABILITIES

At June 30, 2023, the District's long-term liabilities consisted of compensated absences payable of \$526,248 and net pension liability of \$2,671,826 totaling \$3,198,074. This is in comparison to long-term liabilities at June 30, 2022 of \$3,035,143 or an increase of \$162,931.

Additional information on the District's long-term liabilities are presented in the Notes to the Financial Statements.

NORTH CALDWELL BOARD OF EDUCATION

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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 labor and related employee benefit costs. Other budgetary increases are anticipated with special education, and utilizes the required investment to repair the District's aging facilities.

These expenditures are to be paid for by the mandated 2% CAP on the property tax levy with certain allowable adjustments to the tax levy. In the future, any such allowable adjustments may not be permitted.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, North Caldwell Board of Education, 132A Gould Avenue, North Caldwell, NJ 07006.

BASIC FINANCIAL STATEMENTS

**NORTH CALDWELL BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023**

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 12,968,221	\$ 12,968,221
Receivables, net	91,702	91,702
Capital Assets, net		
Not Being Depreciated	102,550	102,550
Being Depreciated	9,187,902	9,187,902
Total Assets	22,350,375	22,350,375
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts on Net Pension Liability	296,735	296,735
Total Deferred Outflows of Resources	296,735	296,735
Total Assets and Deferred Outflows of Resources	22,647,110	22,647,110
LIABILITIES		
Payroll Deductions and Withholdings Payable	19,279	19,279
Payable to the State Government	21,148	21,148
Noncurrent Liabilities		
Due Beyond One Year	3,198,074	3,198,074
Total Liabilities	3,238,501	3,238,501
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts on Net Pension Liability	845,506	845,506
Total Deferred Inflows of Resources	845,506	845,506
Total Liabilities and Deferred Inflows of Resources	4,084,007	4,084,007
NET POSITION		
Net Investment in Capital Assets	9,290,452	9,290,452
Restricted for		
Capital Projects	10,258,942	10,258,942
Debt Service	1	1
Maintenance	495,381	495,381
Other	770,349	770,349
Unrestricted	(2,252,022)	(2,252,022)
Total Net Position	\$ 18,563,103	\$ 18,563,103

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities</u>	<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		
Governmental Activities						
Instruction						
Regular	\$ 6,487,716	\$ 85,983	\$ 1,385,189		\$ (5,016,544)	\$ (5,016,544)
Special Education	3,960,036		2,175,047		(1,784,989)	(1,784,989)
Co-Curricular Activities	39,375	46,914			7,539	7,539
Support Services					-	
Student and Instruction Related Services	2,383,191		335,348		(2,047,843)	(2,047,843)
General Administration Services	590,603		98,986		(491,617)	(491,617)
School Administration Services	684,749		127,687		(557,062)	(557,062)
Business/Central Services	700,934		127,496		(573,438)	(573,438)
Plant Operations and Maintenance	2,320,729	10,550	151,166		(2,159,013)	(2,159,013)
Pupil Transportation	678,360		94,400		(583,960)	(583,960)
Interest on Debt	12,552	-	-	-	(12,552)	(12,552)
Total Governmental Activities	<u>17,858,245</u>	<u>143,447</u>	<u>4,495,319</u>	<u>-</u>	<u>(13,219,479)</u>	<u>(13,219,479)</u>
Total Primary Government	<u>\$ 17,858,245</u>	<u>\$ 143,447</u>	<u>\$ 4,495,319</u>	<u>\$ -</u>	<u>(13,219,479)</u>	<u>(13,219,479)</u>
General Revenues						
Taxes						
Property Taxes Levied for General Purposes					13,950,000	13,950,000
Property Taxes Levied for Debt Service					535,600	535,600
Miscellaneous Income					547,745	547,745
Total General Revenues					<u>15,033,345</u>	<u>15,033,345</u>
Change in Net Position					1,813,866	1,813,866
Net Position, Beginning of Year					<u>16,749,237</u>	<u>16,749,237</u>
Net Position, End of Year					<u>\$ 18,563,103</u>	<u>\$ 18,563,103</u>

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

FUND FINANCIAL STATEMENTS

**NORTH CALDWELL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 12,898,453	\$ 25,001	\$ 44,766	\$ 1	\$ 12,968,221
Due from Other Funds	28,873				28,873
Receivables from Other Governments	62,829	28,873	-	-	91,702
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	12,990,155	53,874	44,766	1	13,088,796
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds		28,873			28,873
Intergovernmental Accounts Payable	21,148				21,148
Payroll Deductions and Withholdings Payable	19,279	-	-	-	19,279
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	40,427	28,873	-	-	69,300
Fund Balances					
Restricted Fund Balance:					
Capital Reserve	10,214,176				10,214,176
Emergency Reserve	250,000				250,000
Maintenance Reserve	495,381				495,381
Excess Surplus - Designated for Subsequent Year's Budget	75,000				75,000
Excess Surplus	75,000				75,000
Unemployment Compensation	745,348				745,348
Student Activities		25,001			25,001
Capital Projects			44,766		44,766
Debt Service				1	1
Assigned Fund Balance:					
Designated for Subsequent Year's Budget	744,691				744,691
Encumbrances	124,994				124,994
Unassigned Fund Balance					
General Fund	225,138	-	-	-	225,138
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	12,949,728	25,001	44,766	1	13,019,496
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 12,990,155	\$ 53,874	\$ 44,766	\$ 1	\$ 13,088,796

NORTH CALDWELL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2023

Total Fund Balances Governmental Funds (Exhibit B-1)	\$	13,019,496
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$19,057,708 and the accumulated depreciation is \$9,767,256.</p>		
		9,290,452
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
Deferred Outflows of Resources	\$ 296,735	
Deferred Inflows of Resources	<u>(845,506)</u>	(548,771)
<p>Long-term liabilities, including compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Compensated Absences Payable	(526,248)	
Net Pension Liability	<u>(2,671,826)</u>	<u>(3,198,074)</u>
Net position of governmental activities (Exhibit A-1)	\$	<u>18,563,103</u>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Taxes	\$ 13,950,000			\$ 535,600	\$ 14,485,600
Tuition	85,983				85,983
Rent and Royalties	10,550				10,550
Miscellaneous	547,745	\$ 46,914	-	-	594,659
Total - Local Sources	<u>14,594,278</u>	<u>46,914</u>	<u>-</u>	<u>535,600</u>	<u>15,176,792</u>
State Sources	4,658,969	15,420			4,674,389
Federal Sources	-	554,401	-	-	554,401
Total Revenues	<u>19,253,247</u>	<u>616,735</u>	<u>-</u>	<u>535,600</u>	<u>20,405,582</u>
EXPENDITURES					
Current					
Regular Instruction	6,821,136	112,831			6,933,967
Special Education Instruction	4,018,436	156,709			4,175,145
Co-Curricular Activities	-	39,375			39,375
Support Services					
Student and Instruction Related Services	2,215,178	247,513			2,462,691
General Administration Services	628,687				628,687
School Administration Services	746,298				746,298
Business/Central Services	756,920				756,920
Plant Operations and Maintenance	1,846,059	52,768			1,898,827
Pupil Transportation	679,528				679,528
Debt Service					
Principal				515,000	515,000
Interest				20,600	20,600
Capital Outlay	43,178	-	\$ 50,234	-	93,412
Total Expenditures	<u>17,755,420</u>	<u>609,196</u>	<u>50,234</u>	<u>535,600</u>	<u>18,950,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,497,827	7,539	(50,234)	-	1,455,132
OTHER FINANCING SOURCES (USES)					
Transfer Out	(95,000)		(38,409)		(133,409)
Transfer In	38,409	-	95,000	-	133,409
Total Other Financing Sources and Uses	<u>(56,591)</u>	<u>-</u>	<u>56,591</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,441,236	7,539	6,357	-	1,455,132
Fund Balance, Beginning of Year	11,508,492	17,462	\$ 38,409	1	11,564,364
Fund Balance, End of Year	<u>\$ 12,949,728</u>	<u>\$ 25,001</u>	<u>\$ 44,766</u>	<u>\$ 1</u>	<u>\$ 13,019,496</u>

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

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

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,455,132

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

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

Capital Outlay	\$ 93,412	
Depreciation Expense	<u>(549,971)</u>	(456,559)

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

Increase in Compensated Absences	(92,174)	
Decrease in Pension Expense	<u>384,419</u>	292,245

The Issuance of Long Term Debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

Repayment of Bond Principal		515,000
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Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Deferred Charge on Refunding of Debt	(3,457)	
Amortization of Premium	<u>3,780</u>	323

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>7,725</u>
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Change in net position of governmental activities (Exhibit A-2)		<u>\$ 1,813,866</u>
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NOTES TO THE FINANCIAL STATEMENTS

**NORTH CALDWELL 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 North Caldwell 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 five 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 six (6) school district.

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

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

**NORTH CALDWELL 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 governmental 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. 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, are normally supported by property taxes and intergovernmental revenues. In the statement of net position, the governmental 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.

**NORTH CALDWELL 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 activities. The emphasis of fund financial statements is on major individual governmental funds, each reported as separate columns in the fund financial statements. All remaining governmental 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 student activity funds derived from activities of pupil organizations.

The *capital projects fund* accounts for the proceeds from the sale of bonds, financing agreements, grants and other revenues used for the acquisition or construction of capital facilities and other capital assets.

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.

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".

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. 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.

**NORTH CALDWELL 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 and 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 governmental activities column 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.

**NORTH CALDWELL 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>
Buildings and Building Improvements	10-40
Machinery and Equipment	5-10

5. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has 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 and vacation benefits. A long-term liability of accumulated sick leave, vacation 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.

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

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.

**NORTH CALDWELL 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)

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

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

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 2D).

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

Excess Surplus – Designated for Subsequent Year's Budget - 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.

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.

Unemployment Compensation – 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).

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.

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

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

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.

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Fund Balance Policies

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

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs.

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.

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

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.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November do not 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. On January 31, 2012, the Board adopted a resolution to move its 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 by \$548,989. The General Fund increase of \$450,878 is the result of the appropriation of prior year encumbrances and capital reserve. The Special Revenue Fund increase of \$98,111 was funded by additional grant awards and student activity revenue.

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

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

**NORTH CALDWELL 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

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

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

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

Balance July 1, 2022		\$ 8,286,555
Increased by:		
Unexpended Withdrawal Returned From Capital Projects Fund	\$ 38,409	
Deposit Approved by Board Resolution	<u>1,984,212</u>	
		2,022,621
Withdrawals:		
Approved by Board Resolution - Transfer to Capital Projects Fund		<u>(95,000)</u>
Balance, June 30, 2023		<u>\$ 10,214,176</u>

The June 30, 2023 LRFP balance of local support costs of uncompleted capital projects is \$17,528,999.

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	<u>\$ 495,381</u>
Balance, June 30, 2023	<u>\$ 495,381</u>

The June 30, 2023 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$495,381.

**NORTH CALDWELL 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 \$150,000. Of this amount, \$75,000 was designated and appropriated in the 2023/2024 original budget certified for taxes and the remaining amount of \$75,000 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 all deposits not 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.

**NORTH CALDWELL 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)

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 was \$12,968,221 and bank and brokerage firm balances of the Board's deposits amounted to \$13,897,340. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 13,877,032
Uninsured and Collateralized	<u>20,308</u>
	<u>\$ 13,897,340</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 \$20,308 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>\$ 20,308</u>
	<u>\$ 20,308</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.

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

**NORTH CALDWELL 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)

Interest Rate Risk – 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 – 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 Board places no limit in the amount the District may invest in any one issuer.

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

B. Receivables

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Receivables:			
Intergovernmental-			
Federal		\$ 28,873	\$ 28,873
State	\$ 62,829	-	62,829
	<hr/>	<hr/>	<hr/>
Gross Receivables	62,829	-	91,702
Less: Allowance for Uncollectibles	-	-	-
	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 62,829</u>	<u>\$ -</u>	<u>\$ 91,702</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

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

	Balance, <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2023</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 52,316	-	-	\$ 52,316
Construction in progress	<u>-</u>	<u>\$ 50,234</u>	<u>-</u>	<u>50,234</u>
Total capital assets, not being depreciated	<u>52,316</u>	<u>50,234</u>	<u>-</u>	<u>102,550</u>
Capital assets, being depreciated:				
Buildings and Building Improvements	17,810,633			17,810,633
Machinery and equipment	<u>1,101,347</u>	<u>43,178</u>	<u>-</u>	<u>1,144,525</u>
Total capital assets being depreciated	<u>18,911,980</u>	<u>43,178</u>	<u>-</u>	<u>18,955,158</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(8,379,887)	(466,794)		(8,846,681)
Machinery and equipment	<u>(837,398)</u>	<u>(83,177)</u>	<u>-</u>	<u>(920,575)</u>
Total accumulated depreciation	<u>(9,217,285)</u>	<u>(549,971)</u>	<u>-</u>	<u>(9,767,256)</u>
Total capital assets, being depreciated, net	<u>9,694,695</u>	<u>(506,793)</u>	<u>-</u>	<u>9,187,902</u>
Government activities capital assets, net	<u>\$ 9,747,011</u>	<u>\$ (456,559)</u>	<u>\$ -</u>	<u>\$ 9,290,452</u>

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

Governmental activities:	
Instruction	
Regular	<u>\$ 64,554</u>
Total Instruction	<u>64,554</u>
Support Services	
Student and Instruction Related Services	13,979
Operations and Maintenance of Plant	<u>471,438</u>
Total Support Services	<u>485,417</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 549,971</u>

**NORTH CALDWELL 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. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 28,873</u>

The above balances are to cover cash balances which were in an overdraft position.

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

Interfund Transfers

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 95,000	\$ 95,000
Capital Projects	<u>\$ 38,409</u>	<u>-</u>	<u>38,409</u>
Total Transfers Out	<u>\$ 38,409</u>	<u>\$ 95,000</u>	<u>\$ 133,409</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

E. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes 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.

There are no outstanding bonds payable at June 30, 2023.

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2023 was as follows:

2.5 % of Equalized Valuation Basis (Municipal)	\$ 49,185,030
Less: Net Debt Issued And Authorized But Not Issued	<u>-</u>
Remaining Borrowing Power	<u>\$ 49,185,030</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2023, 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	\$ 515,000		\$ 515,000		
Add: Unamortized Premium	3,780	-	3,780	-	-
	<u>518,780</u>	<u>-</u>	<u>518,780</u>	<u>-</u>	<u>-</u>
Compensated Absences	434,074	\$ 92,174	-	\$ 526,248	
Net Pension Liability	2,082,289	589,537	-	2,671,826	-
Governmental Activity Long-Term Liabilities	<u>\$ 3,035,143</u>	<u>\$ 681,711</u>	<u>\$ 518,780</u>	<u>\$ 3,198,074</u>	<u>\$ -</u>

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 New Jersey Schools Insurance Group (NJSIG or "Group") and Morris Essex Insurance Group (MEIG or "Group") the Groups are risk sharing public entity pools, established for the purpose of insuring against various risks claims.

The relationship between the Board and the Groups 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 Groups, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Groups. Members have a contractual obligation to fund any deficit of the Groups attributable to a membership year during which they were a member.

**NORTH CALDWELL 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)

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023		\$ 13,962	\$ 25,633	\$ 26,286	\$ 745,348
2022		15,844	873	218	721,924
2021	\$ 45,000	35,582	337	19,514	721,051

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.

**NORTH CALDWELL 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.

**NORTH CALDWELL 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 PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

**NORTH CALDWELL 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	\$ 223,260	\$ 2,057,647	\$ 1,011
2022	205,850	2,029,205	882
2021	209,585	1,449,162	1,008

**NORTH CALDWELL 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 District contributed \$-0-, \$-0- and \$-0-, respectively for PERS and the State contributed \$693, \$679, and \$774, 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 \$415,219 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 \$2,671,826 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 0.01770 percent, which was an increase of 0.00012 percent from its proportionate share measured as of June 30, 2021 of 0.01758 percent.

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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 \$161,159 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>2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 19,284	\$ 17,006
Changes of Assumptions	8,278	400,078
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	110,584	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>158,589</u>	<u>428,422</u>
Total	<u>\$ 296,735</u>	<u>\$ 845,506</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 expense as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2023	\$ (279,581)
2024	(259,314)
2025	(125,824)
2026	116,236
2027	(288)
Thereafter	<u>-</u>
	<u>\$ (548,771)</u>

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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 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.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,432,514</u>	<u>\$ 2,671,826</u>	<u>\$ 2,024,450</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.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 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 \$674,929 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 \$25,078,386. 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 0.04861 percent, which was a decrease of 0.00031 percent from its proportionate share measured as of June 30, 2021 of 0.04892 percent.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (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

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (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.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (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	\$ 29,404,941	\$ 25,078,386	\$ 21,433,807

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 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.

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

E. Post-Retirement Medical Benefits (Continued)

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS, 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 plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

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

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

E. Post-Retirement Medical Benefits (Continued)

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.

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 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 \$540,539, \$474,104, and \$454,145, 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.

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

E. Post-Retirement Medical Benefits (Continued)

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

For the fiscal year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,189,786. 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 \$24,016,998. 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 0.04742 percent, which was an increase of 0.00044 percent from its proportionate share measured as of June 30, 2021 of 0.04698 percent.

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%	2.75% to 4.25%
	Based on Years of Service	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, 2020 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.

**NORTH CALDWELL BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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%.

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	\$ 28,191,518
Changes Recognized for the Fiscal Year:	
Service Cost	1,466,357
Interest on the Total OPEB Liability	636,477
Differences Between Expected and Actual Experience	775,645
Changes of Assumptions	(6,442,775)
Gross Benefit Payments	(630,449)
Contributions from the Member	20,225
Net Changes	<u>(4,174,520)</u>
Balance, June 30, 2022 Measurement Date	\$ <u>24,016,998</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.

**NORTH CALDWELL 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)

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	\$ 28,229,455	\$ 24,016,998	\$ 20,640,924

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	\$ 19,851,517	\$ 24,016,998	\$ 29,488,610

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. Subsequent Events

On October 17, 2023, the Board of Education approved the withdrawal of \$1,447,800 from its Capital Reserve to fund the access road project at Grandview Elementary School.

G. 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 North Caldwell Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

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

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 in excess of \$1.1 million in federal aid to address the effects of the COVID-19 pandemic.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 13,950,000	-	\$ 13,950,000	\$ 13,950,000	
Tuition from Individuals	70,200	-	70,200	85,983	\$ 15,783
Rents and Royalties	10,500	-	10,500	10,550	50
Interest on Unemployment				25,633	25,633
Interest Income	-		-	458,835	458,835
Miscellaneous	31,000	-	31,000	63,277	32,277
Total Local Sources	14,061,700	-	14,061,700	14,594,278	532,578
State Sources					
Special Education Aid	673,308	-	673,308	673,308	
Transportation Aid	84,466	-	84,466	84,466	
Security Aid	51,981	-	51,981	51,981	
Extraordinary Aid	-	-	-	731,847	731,847
Non-Public Transportation Aid				9,048	9,048
TPAF Pension- On-Behalf Post Retirement Medical Contribution (Non Budgeted)				540,539	540,539
TPAF Pension - On-Behalf Normal Costs (Non Budgeted)				2,029,490	2,029,490
TPAF Pension - On-Behalf NCGI Premium (Non Budgeted)				28,157	28,157
TPAF Pension - On-Behalf Long-Term Disability Insurance (Non Budgeted)				693	693
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	415,219	415,219
Total State Sources	809,755	-	809,755	4,564,748	3,754,993
Total Revenues	14,871,455	-	14,871,455	19,159,026	4,287,571
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	297,719	-	297,719	292,367	5,352
Grades 1-5	3,087,563	\$ (291,730)	2,795,833	2,706,759	89,074
Grades 6-8	402,758	(26,280)	376,478	358,453	18,025
Regular Program - Home Instruction					
Salaries of Teachers	2,500	-	2,500		2,500
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	2,000	-	2,000		2,000
Other Purchased Services	273,000	8,642	281,642	263,533	18,109
General Supplies	201,780	142,684	344,464	287,280	57,184
Textbooks	20,000	9,037	29,037	10,258	18,779
Other Objects	5,500	-	5,500	-	5,500
Total Regular Programs	4,292,820	(157,647)	4,135,173	3,918,650	216,523
Resource Room					
Salaries of Teachers	1,129,870	(45,000)	1,084,870	1,070,329	14,541
Other Salaries for Instruction	580,274	(49,834)	530,440	494,462	35,978
General Supplies	5,050	-	5,050	229	4,821
Total Resource Room	1,715,194	(94,834)	1,620,360	1,565,020	55,340
Preschool Disabilities - Part-Time					
Salaries of Teachers	188,765	-	188,765	187,428	1,337
General Supplies	560	-	560	-	560
Total Preschool Disabilities - Part-Time	189,325	-	189,325	187,428	1,897

NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Home Instruction					
Salaries of Teachers	\$ 5,000	-	\$ 5,000	\$ 1,500	\$ 3,500
Total Home Instruction	5,000	-	5,000	1,500	3,500
Total Special Education	1,909,519	\$ (94,834)	1,814,685	1,753,948	60,737
Total Instruction	6,202,339	(252,481)	5,949,858	5,672,598	277,260
Undistributed Expenditures					
Instruction					
Tuition to Priv. Sch. For the Disabled W/I State	988,776	(25,000)	963,776	942,934	20,842
Total Undistributed Expenditures - Instruction	988,776	(25,000)	963,776	942,934	20,842
Attendance					
Residency Investigation	-	5,000	5,000	435	4,565
Total Attendance	-	5,000	5,000	435	4,565
Health Services					
Salaries	170,880	1,501	172,381	172,380	1
Purchased Professional and Technical Services	8,500	-	8,500	7,450	1,050
Other Purchased Services	100	-	100	-	100
Supplies and Materials	2,800	268	3,068	2,377	691
Total Health Services	182,280	1,769	184,049	182,207	1,842
Other Support Serv. Students OT, PT and Related Serv.					
Salaries	270,582	(3,000)	267,582	267,334	248
Purchased Professional-Educational Services	290,000	5,000	295,000	209,460	85,540
Supplies and Materials	3,000	-	3,000	976	2,024
Total Other Support Serv. Students OT, PT and Related Serv.	563,582	2,000	565,582	477,770	87,812
Other Support Serv. Students - Extra. Svcs.					
Salaries	12,500	-	12,500	-	12,500
Purchased Professional-Educational Services	455,480	(1,000)	454,480	403,692	50,788
Total Other Support Serv. Students - Extra Serv.	467,980	(1,000)	466,980	403,692	63,288
Child Study Team					
Salaries of Other Professional Staff	310,450	1,500	311,950	308,784	3,166
Salaries of Secretarial and Clerical Assistants	46,182	13,100	59,282	58,000	1,282
Other Salaries	25,000	(10,601)	14,399	-	14,399
Purchased Professional - Educational Services	7,500	-	7,500	623	6,877
Other Purchased Professional and Technical Services	27,500	4,970	32,470	17,940	14,530
Other Purchased Services	1,500	-	1,500	-	1,500
Supplies and Materials	15,000	10,478	25,478	18,640	6,838
Other Objects	1,000	-	1,000	-	1,000
Total Child Study Team	434,132	19,447	453,579	403,987	49,592
Improvement of Instructional Services					
Salaries of Other Professional Staff	500	4,480	4,980	3,675	1,305
Purchased Professional - Educational Services	3,000	(2,200)	800	-	800
Total Improvement of Instructional Services	3,500	2,280	5,780	3,675	2,105

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 130,009	\$ 32,000	\$ 162,009	\$ 151,388	\$ 10,621
Salaries of Technology Coordinators	85,000	14,500	99,500	86,890	12,610
Purchased Tech. Services	3,350	22,000	25,350	5,313	20,037
Supplies and Materials	6,000	2,660	8,660	3,487	5,173
Total Educational Media Serv./School Library	224,359	71,160	295,519	247,078	48,441
Staff Training Services					
Purchased Professional-Educational Services	19,000	-	19,000	1,197	17,803
Other Purchased Services	2,400	165	2,565	1,130	1,435
Total Staff Training Services	21,400	165	21,565	2,327	19,238
Support Services General Administration					
Salaries	265,400	3,000	268,400	261,213	7,187
Legal Services	50,000	-	50,000	17,365	32,635
Audit Fees	27,000	-	27,000	22,385	4,615
Architectural/Engineering Services	15,000	(10,000)	5,000	-	5,000
Other Purchased Professional Services	7,000	20,000	27,000	24,643	2,357
Communications/Telephone	13,500	-	13,500	10,377	3,123
BOE Other Purchased Services	2,750	-	2,750	-	2,750
Miscellaneous Purchased Services	18,000	24,000	42,000	39,265	2,735
General Supplies	5,250	-	5,250	5,015	235
BOE In-House Training/Meeting Supplies	750	-	750	-	750
Miscellaneous Expenditures	6,500	-	6,500	2,446	4,054
BOE Membership Dues and Fees	9,450	2,000	11,450	11,073	377
Total Support Services General Administration	420,600	39,000	459,600	393,782	65,818
Support Services School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	320,000	6,000	326,000	312,340	13,660
Salaries of Other Professional Staff	20,000	-	20,000	18,450	1,550
Salaries of Secretarial and Clerical Assistants	95,843	-	95,843	92,860	2,983
Purchased Professional and Technical Services	5,000	-	5,000	-	5,000
Other Purchased Services	2,000	-	2,000	-	2,000
Supplies and Materials	5,000	-	5,000	1,246	3,754
Other Objects	2,500	-	2,500	1,690	810
Total Support Services School Administration	450,343	6,000	456,343	426,586	29,757
Central Services					
Salaries	280,900	2,500	283,400	280,000	3,400
Purchased Technical Services	15,000	53,400	68,400	51,675	16,725
Miscellaneous Purchased Services	4,250	1,500	5,750	5,644	106
Supplies and Materials	4,000	4,300	8,300	2,424	5,876
Miscellaneous Expenditures	1,250	-	1,250	540	710
Total Central Services	305,400	61,700	367,100	340,283	26,817
Administrative Information Technology					
Salaries	60,000	12,000	72,000	56,444	15,556
Purchased Technical Services	30,000	49,842	79,842	72,303	7,539
Total Administrative Information Technology	90,000	61,842	151,842	128,747	23,095

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 76,139		\$ 76,139	\$ 70,128	\$ 6,011
Cleaning, Repair and Maintenance Services	270,000	\$ 232,996	502,996	478,929	24,067
General Supplies	40,738	1,096	41,834	40,974	860
Other Objects	3,000	(1,100)	1,900	1,075	825
Total Required Maintenance for School Facilities	389,877	232,992	622,869	591,106	31,763
Custodial Services					
Salaries	549,621	(26,145)	523,476	485,474	38,002
Rental of Land/Building Other Than Lease Purchase Agreement	-	-	-	-	-
Cleaning, Repair and Maint. Serv.	16,001	45,153	61,154	54,496	6,658
Other Purchased Property Services	18,600	8,006	26,606	16,076	10,530
Insurance	80,000	12,000	92,000	86,581	5,419
Miscellaneous Purchased Services	2,750	5,000	7,750	6,605	1,145
General Supplies	13,500	2,768	16,268	3,336	12,932
Energy (Natural Gas)	76,000	2,000	78,000	54,386	23,614
Energy (Electricity)	153,000	(19,000)	134,000	127,819	6,181
Energy (Gasoline)	5,800	-	5,800	4,180	1,620
Total Custodial Services	915,272	29,782	945,054	838,953	106,101
Security					
Salaries	2,500	-	2,500	-	2,500
Other Objects	18,000	-	18,000	4,213	13,787
Total Security	20,500	-	20,500	4,213	16,287
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	13,000	500	13,500	13,100	400
Other Purchased Prof. and Technical Serv.	20,000	-	20,000	20,000	-
Contracted Services (Aid In Lieu of Payment for Non-public)	27,000	11,000	38,000	35,065	2,935
Contracted Services (Bet. Home and Sch) - Vendors	322,000	(127,700)	194,300	184,714	9,586
Contracted Services (Other than Between Home and School) - Vendors	11,000	7,000	18,000	13,217	4,783
Contracted Services (Spl. Ed. Students) - Joint Agmts.	619,085	(72,700)	546,385	407,260	139,125
Total Student Transportation Services	1,012,085	(181,900)	830,185	673,356	156,829
Unallocated Benefits - Employee Benefits					
Social Security Contributions	180,000	(3,230)	176,770	134,297	42,473
Other Retirement Contributions - Regular	4,000	-	4,000	1,011	2,989
Other Retirement Contributions - PERS	235,000	-	235,000	223,260	11,740
Unemployment Compensation	10,000	(10,000)	-	-	-
Unemployment Compensation (Non-Budgeted)				2,210	(2,210)
Workmen's Compensation	72,000	-	72,000	68,965	3,035
Health Benefits	2,508,026	-	2,508,026	2,309,994	198,032
Tuition Reimbursement	40,500	1	40,501	40,500	1
Other Employee Benefits	10,000	(1)	9,999	1,564	8,435
Unused Sick Payment to Terminated / Retired Staff	18,000	3,225	21,225	21,225	-
Total Unallocated Benefits - Employee Benefits	3,077,526	(10,005)	3,067,521	2,803,026	264,495

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXPENDITURES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
TPAF Pension- On-Behalf Post Retirement Medical Contribution (Non Budgeted)				\$ 540,539	\$ (540,539)
TPAF Pension - On-Behalf Normal Costs (Non Budgeted)				2,029,490	(2,029,490)
TPAF Pension - On-Behalf NCGI Premium (Non Budgeted)				28,157	(28,157)
TPAF Pension - On-Behalf Long-Term Disability Insurance (Non Budgeted)				693	(693)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	415,219	(415,219)
Total TPAF On-Behalf	-	-	-	3,014,098	(3,014,098)
Total Undistributed Expenditures	\$ 9,567,612	\$ 315,232	\$ 9,882,844	11,878,255	(1,995,411)
Total Expenditures - Current Expenditures	15,769,951	62,751	15,832,702	17,550,853	(1,718,151)
Capital Outlay					
Equipment					
Undistributed Expenditures - Operation of Non-Instructional Svcs.	-	143,127	143,127	43,178	99,949
Total Equipment	-	143,127	143,127	43,178	99,949
Facilities Acquisition and Construction Serv.					
Assessment Debt Service on SDA Funding	11,389	-	11,389	11,389	-
Construction Services	-	150,000	150,000	150,000	-
Total Facilities Acquisition and Constr. Services	11,389	150,000	161,389	161,389	-
Total Capital Outlay	11,389	293,127	304,516	204,567	99,949
Total Expenditures	15,781,340	355,878	16,137,218	17,755,420	(1,618,202)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(909,885)	(355,878)	(1,265,763)	1,403,606	2,669,369
Other Financing Sources (Uses)					
Transfer to Capital Projects (Non-Budget)				38,409	38,409
Transfer out Capital Reserve to Capital Projects Fund	-	(95,000)	(95,000)	(95,000)	-
Total Other Financing Sources (Uses)	-	(95,000)	(95,000)	(56,591)	38,409
Excess (Deficiency) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing (Uses)	(909,885)	(450,878)	(1,360,763)	1,347,015	2,707,778
Fund Balance, July 1, 2022	12,413,296	-	12,413,296	12,413,296	-
Fund Balance, June 30, 2023	\$ 11,503,411	\$ (450,878)	\$ 11,052,533	\$ 13,760,311	\$ 2,707,778
Recapitulation of Fund Balance					
Restricted:					
Capital Reserve Account				\$ 10,214,176	
Emergency Reserve				250,000	
Maintenance Reserve				495,381	
Excess Surplus - Designated for Subsequent Years Budget				75,000	
Excess Surplus				75,000	
Unemployment Compensation				745,348	
Assigned					
Designated for Subsequent Year's Budget				744,691	
Encumbrances				124,994	
Unassigned				1,035,721	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Payments Not Recognized on GAAP Basis				13,760,311	(810,583)
Fund Balance Per Governmental Funds (GAAP)				\$ 12,949,728	

**NORTH CALDWELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 46,914	\$ 46,914	\$ 46,914	-
State		15,420	15,420	15,420	-
Federal	\$ 860,761	35,777	896,538	554,401	\$ (342,137)
Total Revenues	<u>860,761</u>	<u>98,111</u>	<u>958,872</u>	<u>616,735</u>	<u>(342,137)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	135,122	(24,471)	110,651	73,497	37,154
Tuition	134,528	22,181	156,709	156,709	-
Student Activities	-	46,914	46,914	39,375	7,539
Other Purchased Services	50,368	26,659	77,027	25,000	52,027
General Supplies	-	1,500	1,500	1,500	-
Total Instruction	<u>320,018</u>	<u>72,783</u>	<u>392,801</u>	<u>296,081</u>	<u>96,720</u>
Support Services					
Salaries of Other Professional Staff	155,305	-	155,305	76,643	78,662
Personnel Services - Employee Benefits	44,910	2,780	47,690	24,776	22,914
Purchased Professional/Technical Services	254,528	7,128	261,656	158,928	102,728
General Supplies	86,000	-	86,000	37,348	48,652
Required Maintenance of School Facilities	-	15,420	15,420	15,420	-
Total Support Services	<u>540,743</u>	<u>25,328</u>	<u>566,071</u>	<u>313,115</u>	<u>252,956</u>
Total Expenditures	<u>860,761</u>	<u>98,111</u>	<u>958,872</u>	<u>609,196</u>	<u>349,676</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,539</u>	<u>7,539</u>
Fund Balances, July 1, 2022	<u>17,462</u>	<u>-</u>	<u>17,462</u>	<u>17,462</u>	<u>-</u>
Fund Balances, June 30, 2023	<u>\$ 17,462</u>	<u>\$ -</u>	<u>\$ 17,462</u>	<u>\$ 25,001</u>	<u>\$ 7,539</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**NORTH CALDWELL BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 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.

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 19,159,026		(C-2) \$ 616,735
Difference - Budget to GAAP:			
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (prior year)	904,804		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	<u>(810,583)</u>		<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 (B-2) \$ <u>19,253,247</u>		 \$ <u>616,735</u>
 Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>17,755,420</u>		(C-2) \$ <u>609,196</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 (B-2) \$ <u>17,755,420</u>		 \$ <u>609,196</u>

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

**NORTH CALDWELL 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)	0.17700 %	0.01758 %	0.01916 %	0.02147 %	0.02072 %	0.01676 %	0.01652 %	0.01702 %	0.01515 %	0.01562 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,671,826</u>	<u>\$ 2,082,289</u>	<u>\$ 3,124,260</u>	<u>\$ 3,868,867</u>	<u>\$ 4,080,000</u>	<u>\$ 3,903,533</u>	<u>\$ 4,893,073</u>	<u>\$ 3,821,527</u>	<u>\$ 2,837,575</u>	<u>\$ 2,986,345</u>
District's Covered Payroll	<u>\$ 1,298,609</u>	<u>\$ 1,397,040</u>	<u>\$ 1,289,652</u>	<u>\$ 1,435,039</u>	<u>\$ 1,547,668</u>	<u>\$ 1,371,792</u>	<u>\$ 1,118,665</u>	<u>\$ 1,119,602</u>	<u>\$ 1,189,503</u>	<u>\$ 1,054,265</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	206%	149%	242%	270%	264%	285%	437%	341%	239%	283%
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.

**NORTH CALDWELL 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	\$ 223,260	\$ 205,850	\$ 209,585	\$ 208,857	\$ 206,114	\$ 155,346	\$ 146,771	\$ 146,360	\$ 124,942	\$ 117,735
Contributions in Relation to the Contractually Required Contributions	<u>223,260</u>	<u>205,850</u>	<u>209,585</u>	<u>208,857</u>	<u>206,114</u>	<u>155,346</u>	<u>146,771</u>	<u>146,360</u>	<u>124,942</u>	<u>117,735</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	<u>\$ 1,443,773</u>	<u>\$ 1,298,609</u>	<u>\$ 1,397,040</u>	<u>\$ 1,289,652</u>	<u>\$ 1,435,039</u>	<u>\$ 1,547,668</u>	<u>\$ 1,371,792</u>	<u>\$ 1,118,665</u>	<u>\$ 1,119,602</u>	<u>\$ 1,189,503</u>
Contributions as a Percentage of Covered Payroll	15.46%	15.85%	15.00%	16.19%	14.36%	10.04%	10.70%	13.08%	11.16%	9.90%

**NORTH CALDWELL 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)	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
District's Proportionate Share of the Net Pension Liability (Asset)	0	0	0	0	0	0	0	0	0	0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 25,078,386</u>	<u>\$ 23,519,362</u>	<u>\$ 31,301,746</u>	<u>\$ 28,885,180</u>	<u>\$ 30,672,722</u>	<u>\$ 32,621,675</u>	<u>\$ 36,162,558</u>	<u>\$ 31,438,079</u>	<u>\$ 24,654,605</u>	<u>\$ 22,989,850</u>
Total	<u>\$ 25,078,386</u>	<u>\$ 23,519,362</u>	<u>\$ 31,301,746</u>	<u>\$ 28,885,180</u>	<u>\$ 30,672,722</u>	<u>\$ 32,621,675</u>	<u>\$ 36,162,558</u>	<u>\$ 31,438,079</u>	<u>\$ 24,654,605</u>	<u>\$ 22,989,850</u>
District's Covered Payroll	<u>\$ 6,019,331</u>	<u>\$ 6,002,530</u>	<u>\$ 5,785,968</u>	<u>\$ 5,149,583</u>	<u>\$ 5,018,705</u>	<u>\$ 4,897,352</u>	<u>\$ 5,004,262</u>	<u>\$ 5,000,409</u>	<u>\$ 4,873,882</u>	<u>\$ 4,746,510</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%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

**NORTH CALDWELL 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 calculation the net pension liability and statutorily required employer contribution are presented in Note 4D.

**NORTH CALDWELL 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	\$ 1,466,357	\$ 1,723,511	\$ 993,956	\$ 935,543	\$ 1,004,498	\$ 1,216,459
Interest on Total OPEB Liability	636,477	731,318	677,654	789,411	858,582	735,330
Changes of Benefit Terms	-	(30,006)				
Differences Between Expected and Actual Experience	775,645	(4,185,038)	5,133,714	(2,562,642)	(2,581,943)	
Changes of Assumptions	(6,442,775)	27,813	5,567,886	277,665	(2,264,965)	(3,069,118)
Gross Benefit Payments	(630,449)	(576,073)	(530,654)	(571,660)	(527,771)	(700,931)
Contribution from the Member	<u>20,225</u>	<u>18,696</u>	<u>16,084</u>	<u>16,946</u>	<u>18,241</u>	<u>25,810</u>
Net Change in Total OPEB Liability	(4,174,520)	(2,289,779)	11,858,640	(1,114,737)	(3,493,358)	(1,792,450)
Total OPEB Liability - Beginning	<u>28,191,518</u>	<u>30,481,297</u>	<u>18,622,657</u>	<u>19,737,394</u>	<u>23,230,752</u>	<u>25,023,202</u>
Total OPEB Liability - Ending	<u>\$ 24,016,998</u>	<u>\$ 28,191,518</u>	<u>\$ 30,481,297</u>	<u>\$ 18,622,657</u>	<u>\$ 19,737,394</u>	<u>\$ 23,230,752</u>
District's Proportionate Share of OPEB Liability						
State's Proportionate Share of OPEB Liability	<u>\$ 24,016,998</u>	<u>\$ 28,191,518</u>	<u>\$ 30,481,297</u>	<u>\$ 18,622,657</u>	<u>\$ 19,737,394</u>	<u>\$ 23,230,752</u>
Total OPEB Liability - Ending	<u>\$ 24,016,998</u>	<u>\$ 28,191,518</u>	<u>\$ 30,481,297</u>	<u>\$ 18,622,657</u>	<u>\$ 19,737,394</u>	<u>\$ 23,230,752</u>
District's Covered Payroll	<u>\$ 7,317,940</u>	<u>\$ 7,399,570</u>	<u>\$ 7,075,620</u>	<u>\$ 6,584,622</u>	<u>\$ 6,584,622</u>	<u>\$ 6,269,144</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its 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.

**NORTH CALDWELL 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

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

NORTH CALDWELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>ESEA Title I</u>	<u>ESEA Title II A</u>	<u>ESEA Title IV</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>ARP ESSER</u>	<u>Accelerated Learning</u>	<u>ESSER III Summer Learning</u>	<u>Beyond the School Day</u>	<u>Mental Health</u>	<u>SDA Emergent Maintenance</u>	<u>Student Activities</u>	<u>Total</u>
REVENUES													
Intergovernmental													
Local												\$ 46,914	\$ 46,914
State											\$ 15,420	-	15,420
Federal	\$ 39,117	\$ 10,054	\$ 10,000	\$ 156,709	\$ 8,024	\$ 203,143	\$ 43,700	\$ 20,002	\$ 20,002	\$ 43,650	-	-	554,401
Total Revenues	<u>39,117</u>	<u>10,054</u>	<u>10,000</u>	<u>156,709</u>	<u>8,024</u>	<u>203,143</u>	<u>43,700</u>	<u>20,002</u>	<u>20,002</u>	<u>43,650</u>	<u>15,420</u>	<u>46,914</u>	<u>616,735</u>
EXPENDITURES													
Instruction													
Salaries of Teachers	36,337							18,580	18,580				73,497
Tuition				156,709									156,709
Student Activities												39,375	39,375
Purchased Professional/Technical Services													-
Other Purchased Services						25,000							25,000
General Supplies	-	-	1,500	-	-	-	-	-	-	-	-	-	1,500
Total Instruction	<u>36,337</u>	<u>-</u>	<u>1,500</u>	<u>156,709</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>18,580</u>	<u>18,580</u>	<u>-</u>	<u>-</u>	<u>39,375</u>	<u>296,081</u>
Support Services													
Salaries						76,643							76,643
Personnel Services - Employee Benefits	2,780					19,152		1,422	1,422				24,776
Purchased Professional/Technical Services	-	10,054	8,500		8,024	45,000	43,700			43,650			158,928
Other Purchased Services													-
General Supplies						37,348							37,348
Required Maintenance of School Facilities	-	-	-	-	-	-	-	-	-	-	15,420	-	15,420
Total Support Services	<u>2,780</u>	<u>10,054</u>	<u>8,500</u>	<u>-</u>	<u>8,024</u>	<u>178,143</u>	<u>43,700</u>	<u>1,422</u>	<u>1,422</u>	<u>43,650</u>	<u>15,420</u>	<u>-</u>	<u>313,115</u>
Facilities Acquisitions/Construction													
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>39,117</u>	<u>10,054</u>	<u>10,000</u>	<u>156,709</u>	<u>8,024</u>	<u>203,143</u>	<u>43,700</u>	<u>20,002</u>	<u>20,002</u>	<u>43,650</u>	<u>15,420</u>	<u>39,375</u>	<u>609,196</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	7,539	7,539
Fund Balances, Beginning of Year	-	-	-	-	-	-	-	-	-	-	-	17,462	17,462
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,001</u>	<u>\$ 25,001</u>

**NORTH CALDWELL 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

NORTH CALDWELL BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Issue/Project Title</u>	<u>Original Amount Authorized</u>	<u>Amended Authorization</u>	<u>Expenditures to Date</u>		<u>Cancellations</u>	<u>Balance, June 30, 2023</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Gould Mountain Elementary School Windows and Doors Replacement	\$ 386,000	\$ 413,740	\$ 375,331		\$ 38,409	
Grandview Elementary School Access Road Project	95,000	95,000	-	\$ 50,234	-	\$ 44,766
	\$ 481,000	\$ 508,740	\$ 375,331	\$ 50,234	\$ 38,409	\$ 44,766
				<u>Analysis of Balance</u>		
				Year End Encumbrances		\$ 44,091
				Available for Capital Projects		675
						\$ 44,766

**NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Revenues and Other Financing Sources	
Transfer from Capital Reserve	\$ <u>95,000</u>
Total Revenues and Other Financing Sources	<u>95,000</u>
Expenditures and Other Financing Uses	
Architectural/Engineering Services	50,234
Transfers to General Fund - Capital Reserve	<u>38,409</u>
Total Expenditures and Other Financing Uses	<u>88,643</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	6,357
Fund Balance - Beginning of Year	<u>38,409</u>
Fund Balance- End of Year	<u>\$ 44,766</u>
Year End Encumbrances	\$ 44,091
Available for Capital Projects	<u>675</u>
	<u>\$ 44,766</u>

NORTH CALDWELL BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 GOULD MOUNTAIN ELEMENTARY SCHOOL
 WINDOWS AND DOORS REPLACEMENT PROJECT
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Reserve	\$ 413,740	\$ (38,409)	\$ 375,331	\$ 375,331
Total Revenues	<u>413,740</u>	<u>(38,409)</u>	<u>375,331</u>	<u>375,331</u>
EXPENDITURES AND OTHER FINANCING USES				
Professional Services	27,973		27,973	27,973
Construction Services	<u>347,358</u>	<u>-</u>	<u>347,358</u>	<u>347,358</u>
Total Expenditures and Other Financing Uses	<u>375,331</u>	<u>-</u>	<u>375,331</u>	<u>375,331</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 38,409</u>	<u>\$ (38,409)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP# 3636-050-16-1000
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 386,000
Increase (Decrease) to Authorize Cost	(10,669)
Revised Authorized Cost	\$ 375,331

Percentage Increase Over Original

Authorized Cost	-2.76%
Percentage Completion	100.00%
Original Target Completion Date	8/31/2017
Estimated Completion Date	6/30/2020

NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
GRANDVIEW ELEMENTARY SCHOOL
ACCESS ROAD PROJECT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Reserve	\$ -	\$ 95,000	\$ 95,000	\$ 95,000
Total Revenues	-	95,000	95,000	95,000
EXPENDITURES AND OTHER FINANCING USES				
Architectural/Engineering Services	-	50,234	50,234	95,000
Total Expenditures and Other Financing Uses	-	50,234	50,234	95,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 44,766	\$ 44,766	\$ -

Additional Project Information:

Project Number	3630-060-13-3630
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 95,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 95,000

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	8/31/2024
Estimated Completion Date	8/31/2024

ENTERPRISE FUND

NOT APPLICABLE

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Balance, July 1, 2022</u>	<u>Retired</u>	<u>Balance, June 30, 2023</u>
2010 Refunding Bonds	11/23/2010	\$ 6,775,000	\$ 515,000	\$ 515,000	\$ -
			<u>\$ 515,000</u>	<u>\$ 515,000</u>	<u>\$ -</u>

**LONG-TERM DEBT
SCHEDULE OF CAPITAL FINANCING AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

**NORTH CALDWELL BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 535,600	-	\$ 535,600	\$ 535,600	-
 Total Revenues	535,600	-	535,600	535,600	-
 EXPENDITURES					
Regular Debt Service					
Principal	515,000		515,000	515,000	
Interest	20,600	-	20,600	20,600	-
 Total Expenditures	535,600	-	535,600	535,600	-
 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
 Fund Balance, Beginning of Year	1	-	1	1	-
 Fund Balance, End of Year	\$ 1	\$ -	\$ 1	\$ 1	\$ -
 <u>Recapitulation of Balance</u>					
Available for Subsequent Years Expenditures				\$ 1	

STATISTICAL SECTION

This part of the North Caldwell 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 district'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.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Fiscal Years Ended June 30,</u>		<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	<u>(Restated)</u>				<u>2018</u>	<u>2019</u>	<u>(Restated)</u>			
Governmental Activities										
Net Investment in Capital Assets	\$ 5,671,835	\$ 6,722,207	\$ 7,574,416	\$ 7,847,727	\$ 8,659,616	\$ 8,792,101	\$ 8,961,854	\$ 9,070,081	\$ 9,231,688	\$ 9,290,452
Restricted	2,613,231	2,911,650	3,645,729	4,893,967	5,216,629	6,530,179	8,155,902	8,965,935	9,559,732	11,524,673
Unrestricted	<u>(2,207,520)</u>	<u>(2,225,655)</u>	<u>(2,483,334)</u>	<u>(2,871,113)</u>	<u>(3,115,263)</u>	<u>(3,309,916)</u>	<u>(3,496,863)</u>	<u>(3,101,607)</u>	<u>(2,042,183)</u>	<u>(2,252,022)</u>
Total Governmental Activities Net Position	<u>\$ 6,077,546</u>	<u>\$ 7,408,202</u>	<u>\$ 8,736,811</u>	<u>\$ 9,870,581</u>	<u>\$ 10,760,982</u>	<u>\$ 12,012,364</u>	<u>\$ 13,620,893</u>	<u>\$ 14,934,409</u>	<u>\$ 16,749,237</u>	<u>\$ 18,563,103</u>
Business-type activities										
Net Investment in Capital Assets										
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-Type Activities Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District-Wide										
Net Investment in Capital Assets	\$ 5,671,835	\$ 6,722,207	\$ 7,574,416	\$ 7,847,727	\$ 8,659,616	\$ 8,792,101	\$ 8,961,854	\$ 9,070,081	\$ 9,231,688	\$ 9,290,452
Restricted	2,613,231	2,911,650	3,645,729	4,893,967	5,216,629	6,530,179	8,155,902	8,965,935	9,559,732	11,524,673
Unrestricted	<u>(2,207,520)</u>	<u>(2,225,655)</u>	<u>(2,483,334)</u>	<u>(2,871,113)</u>	<u>(3,115,263)</u>	<u>(3,309,916)</u>	<u>(3,496,863)</u>	<u>(3,101,607)</u>	<u>(2,042,183)</u>	<u>(2,252,022)</u>
Total District Net Position	<u>\$ 6,077,546</u>	<u>\$ 7,408,202</u>	<u>\$ 8,736,811</u>	<u>\$ 9,870,581</u>	<u>\$ 10,760,982</u>	<u>\$ 12,012,364</u>	<u>\$ 13,620,893</u>	<u>\$ 14,934,409</u>	<u>\$ 16,749,237</u>	<u>\$ 18,563,103</u>

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

Note 2 - Net Position at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 34, "Fiduciary Activities".

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

	Fiscal Years Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,048,885	\$ 5,928,526	\$ 6,400,167	\$ 6,831,927	\$ 7,195,869	\$ 6,459,945	\$ 6,751,105	\$ 7,341,460	\$ 6,921,658	\$ 6,487,716
Special Education	2,660,109	2,791,052	3,013,675	3,340,876	3,659,890	3,677,718	3,616,612	4,097,647	3,751,332	3,960,036
School Sponsored Activities								9,169	23,384	39,375
Support Services:										
Student & Instruction Related Services	1,255,231	1,344,614	1,384,965	1,612,114	1,946,351	2,054,933	2,129,722	2,180,253	2,393,274	2,383,191
General Administration Services	413,956	510,496	498,143	517,113	673,858	557,667	537,669	632,583	553,928	590,603
School Administration Services	461,265	538,293	602,783	659,602	721,456	699,317	707,154	767,621	696,791	684,749
Business / Central Services	395,027	464,724	509,856	604,297	618,296	599,305	569,044	601,570	601,740	700,934
Plant Operations and Maintenance	1,572,511	1,690,895	1,834,989	1,885,508	2,131,828	2,048,874	1,958,874	1,820,499	2,135,843	2,320,729
Pupil Transportation	433,571	404,134	397,334	263,856	311,843	471,275	408,659	751,175	730,560	678,360
Interest on Long-Term Debt	191,288	172,728	155,713	134,927	113,862	92,872	70,016	47,611	31,329	12,552
Total Governmental Activities Expenses	<u>12,431,843</u>	<u>13,845,462</u>	<u>14,797,625</u>	<u>15,850,220</u>	<u>17,373,253</u>	<u>16,661,906</u>	<u>16,748,855</u>	<u>18,249,588</u>	<u>17,839,839</u>	<u>17,858,245</u>
Business-Type Activities:										
Food Service	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District Expenses	<u>\$ 12,431,843</u>	<u>\$ 13,845,462</u>	<u>\$ 14,797,625</u>	<u>\$ 15,850,220</u>	<u>\$ 17,373,253</u>	<u>\$ 16,661,906</u>	<u>\$ 16,748,855</u>	<u>\$ 18,249,588</u>	<u>\$ 17,839,839</u>	<u>\$ 17,858,245</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	\$ 98,326	\$ 73,200	\$ 113,574	\$ 106,331	\$ 105,600	\$ 140,951	\$ 95,651	\$ 121,745	\$ 112,444	\$ 85,983
School Sponsored Activities and Athletics								23,085	46,914	
Plant Operations and Maintenance					10,220	10,070	7,955	1,725	11,550	10,550
Operating Grants and Contributions	1,508,181	2,744,877	3,412,901	4,198,101	5,076,879	4,170,477	3,881,541	5,480,132	5,233,930	4,495,319
Capital Grants and Contributions	15,706	126,375	123,734	-	-	-	-	-	49,500	-
Total Governmental Activities Program Revenues	<u>1,622,213</u>	<u>2,944,452</u>	<u>3,650,209</u>	<u>4,304,432</u>	<u>5,192,699</u>	<u>4,321,498</u>	<u>3,985,147</u>	<u>5,603,602</u>	<u>5,430,509</u>	<u>4,638,766</u>
Business-Type Activities:										
Charges for Services										
Food Service										
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District Program Revenues	<u>\$ 1,622,213</u>	<u>\$ 2,944,452</u>	<u>\$ 3,650,209</u>	<u>\$ 4,304,432</u>	<u>\$ 5,192,699</u>	<u>\$ 4,321,498</u>	<u>\$ 3,985,147</u>	<u>\$ 5,603,602</u>	<u>\$ 5,430,509</u>	<u>\$ 4,638,766</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (10,809,630)	\$ (10,901,010)	\$ (11,147,416)	\$ (11,545,788)	\$ (12,180,554)	\$ (12,340,408)	\$ (12,763,708)	\$ (12,645,986)	\$ (12,409,330)	\$ (13,219,479)
Business-Type Activities										
Total District-Wide Net Expense	<u>\$ (10,809,630)</u>	<u>\$ (10,901,010)</u>	<u>\$ (11,147,416)</u>	<u>\$ (11,545,788)</u>	<u>\$ (12,180,554)</u>	<u>\$ (12,340,408)</u>	<u>\$ (12,763,708)</u>	<u>\$ (12,645,986)</u>	<u>\$ (12,409,330)</u>	<u>\$ (13,219,479)</u>

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

	2014		2015		2016		2017		Fiscal Years Ended June 30,		2018		2019		2020		2021		2022		2023	
General Revenues and Other Changes in Net Position																						
Governmental Activities:																						
Property Taxes Levied for General Purposes, Net	\$	11,050,929	\$	11,271,947	\$	11,525,704	\$	11,867,700	\$	12,292,153	\$	12,699,711	\$	12,953,705	\$	13,293,220	\$	13,559,084	\$	13,950,000	\$	13,950,000
Taxes Levied for Debt Service		881,425		882,725		886,975		680,375		658,975		632,575		611,375		584,875		563,975		535,600		535,600
Unrestricted Grants and Contributions				12,173		13,098		6,363		6,536		628		-		-		-		-		-
Investment Earnings		11,605		13,157		13,522		23,644		88,567		174,926		131,719								
Miscellaneous Income		58,094		51,664		36,726		101,476		24,724		83,950		1,561		81,407		101,099		547,745		547,745
Total Governmental Activities		<u>12,002,053</u>		<u>12,231,666</u>		<u>12,476,025</u>		<u>12,679,558</u>		<u>13,070,955</u>		<u>13,591,790</u>		<u>13,698,360</u>		<u>13,959,502</u>		<u>14,224,158</u>		<u>15,033,345</u>		<u>15,033,345</u>
Business-Type Activities:																						
Investment Earnings		-		-		-		-		-		-		-		-		-		-		-
Transfers		-		-		-		-		-		-		-		-		-		-		-
Total Business-Type Activities		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
Total District-Wide		<u>\$ 12,002,053</u>		<u>\$ 12,231,666</u>		<u>\$ 12,476,025</u>		<u>\$ 12,679,558</u>		<u>\$ 13,070,955</u>		<u>\$ 13,591,790</u>		<u>\$ 13,698,360</u>		<u>\$ 13,959,502</u>		<u>\$ 14,224,158</u>		<u>\$ 15,033,345</u>		<u>\$ 15,033,345</u>
Change in Net Position																						
Governmental Activities	\$	1,192,423	\$	1,330,656	\$	1,328,609	\$	1,133,770	\$	890,401	\$	1,251,382	\$	934,652	\$	1,313,516	\$	1,814,828	\$	1,813,866	\$	1,813,866
Business-Type Activities		-		-		-		-		-		-		-		-		-		-		-
Total District		<u>\$ 1,192,423</u>		<u>\$ 1,330,656</u>		<u>\$ 1,328,609</u>		<u>\$ 1,133,770</u>		<u>\$ 890,401</u>		<u>\$ 1,251,382</u>		<u>\$ 934,652</u>		<u>\$ 1,313,516</u>		<u>\$ 1,814,828</u>		<u>\$ 1,813,866</u>		<u>\$ 1,813,866</u>

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

	Fiscal Years Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022	2023
General Fund										
Restricted	\$ 2,928,884	\$ 3,045,951	\$ 3,579,532	\$ 4,402,742	\$ 5,526,406	\$ 6,839,956	\$ 8,497,515	\$ 9,309,764	\$ 9,903,860	\$ 11,854,905
Committed	-			47,113	13,764	56,887				
Assigned	162,634	258,512	243,384	264,816	241,465	253,424	507,833	667,518	1,190,733	869,685
Unassigned	131,201	136,388	134,093	127,019	123,135	113,206	114,257	386,116	413,899	225,138
Total general fund	<u>\$ 3,222,719</u>	<u>\$ 3,440,851</u>	<u>\$ 3,957,009</u>	<u>\$ 4,841,690</u>	<u>\$ 5,904,770</u>	<u>\$ 7,263,473</u>	<u>\$ 9,119,605</u>	<u>\$ 10,363,398</u>	<u>\$ 11,508,492</u>	<u>\$ 12,949,728</u>
All Other Governmental Funds										
Restricted	\$ 384,347	\$ 465,699	\$ 541,197	\$ 891,225	\$ 90,223	\$ 90,223	\$ 58,386	\$ 56,171	\$ 55,872	\$ 69,768
Unassigned										
Total all other governmental funds	<u>\$ 384,347</u>	<u>\$ 465,699</u>	<u>\$ 541,197</u>	<u>\$ 891,225</u>	<u>\$ 90,223</u>	<u>\$ 90,223</u>	<u>\$ 58,386</u>	<u>\$ 56,171</u>	<u>\$ 55,872</u>	<u>\$ 69,768</u>

Note 1 - Fund balance at June 30, 2021 is restated to reflect the implementation of GASB No. 84, "Fiduciary Activities".

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

	Fiscal Years Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 11,932,354	\$ 12,154,672	\$ 12,412,679	\$ 12,548,075	\$ 12,951,128	\$ 13,332,286	\$ 13,565,080	\$ 13,878,095	\$ 14,123,059	\$ 14,485,600
Tuition	98,326	73,200	113,574	106,331	105,600	140,951	95,651	121,745	112,444	85,983
Rent and Royalties	7,425	8,500	8,075	13,675	10,220	10,070	7,955	1,725	11,550	10,550
Interest Earnings	11,605	13,157	13,522	23,644	88,567	174,926	131,719			-
Miscellaneous	50,669	43,164	28,651	87,801	24,724	83,950	1,561	85,847	124,184	594,659
State Sources	1,377,245	1,671,786	1,793,970	1,822,722	2,143,359	2,472,917	2,678,030	3,294,148	4,495,836	4,674,389
Federal Sources	146,642	153,905	204,235	208,845	247,083	246,936	244,492	338,109	687,204	554,401
Total Revenue	13,624,266	14,118,384	14,574,706	14,811,093	15,570,681	16,462,036	16,724,488	17,719,669	19,554,277	20,405,582
Expenditures										
Instruction										
Regular Instruction	5,052,410	5,233,329	5,462,619	5,463,837	5,741,707	5,646,418	6,035,646	6,377,179	7,116,353	6,933,967
Special Education Instruction	2,658,653	2,542,115	2,595,450	2,726,154	2,972,330	3,263,386	3,319,364	3,667,504	3,817,785	4,175,145
School Sponsored Activities and Athletics								6,655	23,384	39,375
Support Services:										
Student & Inst. Related Services	1,251,836	1,342,039	1,317,464	1,467,514	1,745,871	1,894,544	1,990,244	2,050,847	2,262,275	2,462,691
General Administration Services	419,025	463,094	432,990	424,593	536,749	499,438	495,360	566,795	569,066	628,687
School Administration Services	461,999	486,898	518,710	529,804	575,288	608,607	642,982	655,614	716,060	746,298
Business / Central services	395,405	410,885	427,126	480,273	484,756	520,563	531,769	525,635	620,921	756,920
Plant Operations and Maintenance	1,192,383	1,299,254	1,400,324	1,387,709	1,531,975	1,479,350	1,393,143	1,263,571	1,809,158	1,898,827
Pupil Transportation	433,571	404,087	396,305	261,352	309,711	468,449	406,610	687,500	730,697	679,528
Capital Outlay	166,540	754,474	545,087	154,773	751,241	90,003	153,322	91,916	179,808	93,412
Debt Service:										
Principal	685,000	700,000	720,000	535,000	535,000	530,000	530,000	530,000	525,000	515,000
Interest and Other Charges	196,425	182,725	166,975	145,375	123,975	102,575	81,375	54,875	38,975	20,600
Total Expenditures	12,913,247	13,818,900	13,983,050	13,576,384	15,308,603	15,103,333	15,579,815	16,478,091	18,409,482	18,950,450
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	711,019	299,484	591,656	1,234,709	262,078	1,358,703	1,144,673	1,241,578	1,144,795	1,455,132
Other Financing Sources (uses)										
Transfers In	407,905	370,500	477,394	506,179	80,762					133,409
Transfers Out	(407,905)	(370,500)	(477,394)	(506,179)	(80,762)					(133,409)
Total Other Financing Sources (uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ 711,019	\$ 299,484	\$ 591,656	\$ 1,234,709	\$ 262,078	\$ 1,358,703	\$ 1,144,673	\$ 1,241,578	\$ 1,144,795	\$ 1,455,132
Debt Service as a Percentage of										
Noncapital Expenditures	6.91%	6.76%	6.60%	5.07%	4.53%	4.21%	3.96%	3.57%	3.09%	2.84%

* Noncapital expenditures are total expenditures less capital outlay.

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30</u>	<u>Interest on Deposits</u>	<u>Rent and Royalties</u>	<u>Miscellaneous</u>	<u>Tuition</u>	<u>Total</u>
2014	\$ 11,605	\$ 7,425	\$ 50,669	\$ 98,326	\$ 168,025
2015	13,157	8,500	43,164	73,200	138,021
2016	13,522	8,075	28,651	113,574	163,822
2017	23,644	13,675	87,801	106,331	231,451
2018	88,567	10,220	24,724	105,600	229,111
2019	174,926	10,070	83,950	140,951	409,897
2020	131,719	7,955	1,561	95,651	236,886
2021	5,971	1,725	75,436	121,745	204,877
2022	15,295	11,550	85,804	112,444	225,093
2023	484,468	10,550	63,277	85,983	644,278

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate ^a
2014	\$ 24,013,300	\$ 1,511,273,300	\$ 228,500	\$ 5,700	\$ 23,217,700	\$ 2,697,500		\$ 1,561,436,000	\$ 528,800	\$ 1,561,964,800	\$ 1,627,465,417	\$ 0.778
2015	19,041,700	1,535,025,600			24,426,700	2,697,500		1,581,191,500	517,500	1,581,709,000	1,676,062,829	0.785
2016	20,618,600	1,542,944,100			24,707,200	2,500,000	\$ 459,500	1,591,229,400	472,000	1,591,701,400	1,729,088,755	0.789
2017	20,877,800	1,551,406,800			24,931,500	2,500,000		1,599,716,100	468,700	1,600,184,800	1,762,595,194	0.809
2018	26,662,700	1,557,840,400			24,439,500	2,500,000		1,611,442,600	461,900	1,611,904,500	1,817,249,973	0.827
2019	23,117,500	1,568,618,800			24,439,500	2,500,000		1,618,675,800	468,300	1,619,144,100	1,813,766,467	0.838
2020	15,186,600	1,596,906,200			24,439,500	2,500,000		1,639,032,300	477,300	1,639,509,600	1,844,195,238	0.847
2021	9,808,300	1,622,310,500			24,439,500	2,500,000		1,659,058,300	497,100	1,659,555,400	1,851,122,801	0.851
2022	6,703,000	1,861,143,800			21,996,100	2,825,000		1,892,667,900	554,300	1,893,222,200	1,893,222,200	0.765
2023	7,567,000	1,873,259,300			20,646,100	2,825,000		1,904,297,400	502,500	1,904,799,900	1,904,799,900	0.775

N/A - Not available

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

Calendar Year	Total Direct Local School Tax Rate	Overlapping Rates			Total
		Regional High School District	Municipality	County	
2014	\$ 0.778	\$ 0.500	\$ 0.384	\$ 0.545	\$ 2.207
2015	0.785	0.508	0.384	0.553	2.230
2016	0.789	0.508	0.384	0.567	2.248
2017	0.809	0.527	0.391	0.573	2.300
2018	0.827	0.571	0.391	0.570	2.359
2019	0.838	0.562	0.398	0.545	2.343
2020	0.847	0.567	0.398	0.531	2.343
2021	0.851	0.563	0.442	0.537	2.393
2022	0.765	0.532	0.409	0.473	2.179
2023	0.775	0.542	0.409	0.490	2.216

Source: Tax Duplicate, Borough of North Caldwell

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

Taxpayer	2023		2014	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Greenbrook Country Club	\$ 8,501,600	0.45%	\$12,000,000	0.77%
Individual Taxpayer	3,041,200	0.16%		
Individual Taxpayer	2,868,500	0.15%		
Heller Property Partners, LP	2,695,000	0.14%		
LA Serra Farms LLC	2,620,000	0.14%		
Individual Taxpayer	2,571,400	0.14%		
Individual Taxpayer	2,474,800	0.13%		
Individual Taxpayer	2,422,200	0.13%		
Individual Taxpayer	2,367,300	0.13%		
Individual Taxpayer	2,366,300	0.12%		
K. Hovnanian at Hilltop			8,503,100	0.54%
Hidden Ridge at North Caldwell, LLC			4,025,000	0.26%
Individual Taxpayer			3,425,800	0.22%
Individual Taxpayer			2,824,800	0.18%
Individual Taxpayer			2,573,600	0.16%
Individual Taxpayer			2,563,000	0.16%
Individual Taxpayer			2,500,000	0.16%
Individual Taxpayer			2,470,000	0.16%
	\$ 31,928,300	1.69%	\$ 40,885,300	2.61%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 11,932,354	\$ 11,932,354	100.00%	
2015	12,154,672	12,154,672	100.00%	
2016	12,412,679	12,412,679	100.00%	
2017	12,548,075	12,548,075	100.00%	
2018	12,951,128	12,951,128	100.00%	
2019	13,332,286	13,332,286	100.00%	
2020	13,565,080	13,565,080	100.00%	
2021	13,878,095	13,878,095	100.00%	
2022	14,123,059	14,123,059	100.00%	
2022	14,485,600	14,485,600	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities		Population	Per Capita
	General Obligation Bonds	Total District		
2014	5,120,000	5,120,000	6,547	782
2015	4,420,000	4,420,000	6,621	668
2016	3,700,000	3,700,000	6,632	558
2017	3,165,000	3,165,000	6,634	477
2018	2,630,000	2,630,000	6,625	397
2019	2,100,000	2,100,000	6,649	316
2020	1,570,000	1,570,000	6,641	236
2021	1,040,000	1,040,000	6,625	157
2022	515,000	515,000	6,581	78
2023	-	-	6,581 (1)	-

(1) - estimated

Source: District records

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

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2014	\$ 5,120,000		\$ 5,120,000	0.33%	\$ 782
2015	4,420,000		4,420,000	0.28%	668
2016	3,700,000		3,700,000	0.23%	558
2017	3,165,000		3,165,000	0.20%	477
2018	2,630,000		2,630,000	0.16%	397
2019	2,100,000		2,100,000	0.13%	316
2020	1,570,000		1,570,000	0.10%	236
2021	1,040,000		1,040,000	0.06%	157
2022	515,000		515,000	0.03%	78
2023	-		-	0.00%	-

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**NORTH CALDWELL BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT
FOR YEAR ENDED DECEMBER 31, 2022
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
West Essex Regional High School	\$ 680,073	\$ 680,073	
Borough of North Caldwell School District	515,000	515,000	
Bonds and Notes for all Utilities	2,134,250	2,134,250	
Borough of North Caldwell	<u>14,852,685</u>	<u>-</u>	<u>\$ 14,852,685</u>
	<u>\$ 18,182,008</u>	<u>\$ 3,329,323</u>	<u>14,852,685</u>
Overlapping Debt Apportioned to the Municipality:			
Essex County (3);(A):			18,960,308
Essex County Utilities Authority (2) (A)			<u>-</u>
			<u>18,960,308</u>
Total Direct and Overlapping Debt			<u>\$ 33,812,993</u>

(A) The debt for this entity was apportioned to the Borough of North Caldwell by dividing the Municipality's 2022 equalized value by the total 2022 equalized value for Essex County.

Sources:

- (1) Borough of North Caldwell 2022 Annual Debt Statement
- (2) Essex County Utilities Authority 2022 Audit
- (3) Essex County 2022 Annual Debt Statement

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 40,624,359	\$ 40,442,684	\$ 41,437,940	\$ 42,677,511	\$ 43,918,603	\$ 44,647,548	\$ 30,051,791	\$ 45,420,914	\$ 46,349,318	\$ 49,185,030
Total Net Debt Applicable to Limit	5,120,000	4,420,000	3,700,000	3,165,000	2,630,000	2,100,000	1,570,000	1,040,000	515,000	-
Legal Debt Margin	<u>\$ 35,504,359</u>	<u>\$ 36,022,684</u>	<u>\$ 37,737,940</u>	<u>\$ 39,512,511</u>	<u>\$ 41,288,603</u>	<u>\$ 42,547,548</u>	<u>\$ 28,481,791</u>	<u>\$ 44,380,914</u>	<u>\$ 45,834,318</u>	<u>\$ 49,185,030</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.60%	10.93%	8.93%	7.42%	5.99%	4.70%	5.22%	2.29%	1.11%	0.00%

Source: Annual Debt Statements

Legal Debt Margin Calculation for Fiscal Year 2022

Equalized Valuation Basis

2022	\$ 2,159,840,123
2021	1,915,329,370
2020	<u>1,827,034,110</u>
	<u>\$ 5,902,203,603</u>

Average Equalized Valuation of Taxable Property \$ 1,967,401,201

Debt Limit (2.5% of Average Equalization Value) \$ 49,185,030

Total Net Debt Applicable to Limit -

Legal Debt Margin \$ 49,185,030

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>School District Population</u>
2014	3.6%	57,133	6,547
2015	3.1%	59,395	6,621
2016	2.7%	60,735	6,632
2017	2.7%	62,659	6,634
2018	2.2%	63,521	6,625
2019	2.0%	65,927	6,649
2020	6.0%	70,497	6,641
2021	3.7%	74,310	6,625
2022	2.6%	N/A	6,581
2023	N/A	N/A	6,581 (2)

Source: United States Bureau of Census
School District Records

(1) Represents per capita income of the County of Essex

(2) Estimated

N/A - not available

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

INFORMATION NOT AVAILABLE

**NORTH CALDWELL 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	53.0	53.0	53.4	52.8	50.4	50.4	50.4	52.4	48.0	48.8
Special Education	37.0	38.0	40.0	39.0	43.0	43.0	43.0	43.0	33.0	37.0
Other Instruction	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	8.0	8.0
Support Services:										
Student and Instruction Related Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	8.0	8.0
General Administration Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other Administrative Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Administrative Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Plant Operations and Maintenance	6.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	8.0	8.0
Other Support Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	<u>116.5</u>	<u>118.5</u>	<u>120.9</u>	<u>119.3</u>	<u>120.9</u>	<u>120.9</u>	<u>120.9</u>	<u>122.9</u>	<u>119.0</u>	<u>123.8</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

<u>Fiscal Year</u>	<u>Enrollment^a</u>	<u>Operating Expenditures^b</u>	<u>Cost Per Pupil^c</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Elementary</u>	<u>Middle School</u>	<u>Senior High School</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2014	670	11,865,282	17,709	0.32%	53.0	1:12.6	N/A	N/A	672.5	646.5	2.03%	96.14%
2015	658	12,181,701	18,513	4.54%	53.0	1:12.4	N/A	N/A	663.2	635.5	-1.38%	95.82%
2016	673	12,550,988	18,649	0.74%	53.4	1:12.4	N/A	N/A	685.0	647.1	3.29%	94.47%
2017	690	12,741,236	18,466	-0.99%	52.8	1:12.4	N/A	N/A	684.8	652.2	-0.03%	95.24%
2018	666	13,898,387	20,868	13.01%	50.4	1:12.4	N/A	N/A	674.7	646.3	-1.47%	95.79%
2019	667	14,380,755	21,560	3.32%	50.4	1:13.2	N/A	N/A	670.7	641.9	-0.59%	95.71%
2020	689	14,815,118	21,502	-0.27%	50.4	1:13.7	N/A	N/A	694.1	671.1	3.49%	96.69%
2021	684	15,801,300	23,101	7.44%	52.4	1:13.7	N/A	N/A	690.5	675.5	-0.52%	97.83%
2022	693	17,665,699	25,492	10.35%	55.0	1:13.7	N/A	N/A	697.6	660.8	1.03%	94.72%
2023	700	18,321,438	26,173	2.67%	48.8	1:13.7	N/A	N/A	702.3	660.8	0.67%	94.09%

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.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
<u>Grandview Elementary School</u>										
Square Feet	52,430	52,430	52,430	52,430	52,430	52,430	52,430	52,430	52,430	52,430
Capacity (students)	385	385	385	385	385	385	385	385	385	385
Enrollment	397	385	391	410	397	400	407	389	406	411
<u>Gould Elementary/Middle School</u>										
Square Feet	34,175	34,175	34,175	34,175	34,175	34,175	34,175	34,175	34,175	34,175
Capacity (students)	327	327	327	327	327	327	327	327	327	327
Enrollment	273	273	282	278	288	278	294	305	294	297

Number of Schools at June 30, 2023
Elementary = 2

Source: District Records

NORTH CALDWELL BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 FOR THE LAST TEN FISCAL YEARS

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											
Building A - Gould School	N/A	\$ 170,667	\$ 200,665	\$ 257,412	\$ 206,767	\$ 228,194	\$ 231,648	\$ 238,167	\$ 227,087	\$ 300,864	\$ 295,483
Building B - Grandview School	N/A	<u>122,988</u>	<u>155,868</u>	<u>222,062</u>	<u>205,498</u>	<u>182,974</u>	<u>212,703</u>	<u>218,689</u>	<u>208,515</u>	<u>276,259</u>	<u>295,623</u>
Grand Total		<u>\$ 293,655</u>	<u>\$ 356,533</u>	<u>\$ 479,474</u>	<u>\$ 412,265</u>	<u>\$ 411,168</u>	<u>\$ 444,351</u>	<u>\$ 456,856</u>	<u>\$ 435,602</u>	<u>\$ 577,123</u>	<u>\$ 591,106</u>

Source: School District Records

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

	<u>Coverage</u>	<u>Deductible</u>
<u>School Commercial Package Policy - NJSIG</u>		
Property - Real and Personal Property (per occurrence fund limit)	\$ 500,000,000	\$ 5,000
General Liability (per occurrence)	31,000,000	N/A
Electronic Data Processing (per occurrence)	1,000,000	1,000
Equipment Breakdown (per accident)	100,000,000	5,000
Crime - Employee Dishonesty	250,000	1,000
Auto Liability (per accident)	31,000,000	N/A
Auto Physical Damage	Actual Cash Value	1,000
 <u>School Board Legal Liability - NJSIG</u>		
Errors and Omissions	\$ 31,000,000	\$ 5,000
 <u>Workers Compensation - MEIG</u>		
Employers Liability	\$ 1,000,000	N/A
Disease (each employee)	1,000,000	N/A
Disease (policy limit)	1,000,000	N/A
 <u>Public Official Bonds - CNA & NJSIG</u>		
Treasurer of School Monies	\$ 200,000	\$ 1,000
Business Administrator/Board Secretary	125,000	N/A
 <u>Student Accident Insurance - BMI Benefits</u>		
Base Limit	\$ 1,000,000	N/A
Catastrophic Limit	1,000,000	N/A
Voluntary Limit	500,000	N/A

Source: School District's Records

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
North Caldwell Board of Education
132A Gould Avenue
North Caldwell, New Jersey 07006

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 and each major fund of the North Caldwell 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 North Caldwell Board of Education's basic financial statements and have issued our report thereon dated February 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the North Caldwell 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 North Caldwell Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Caldwell Board of Education's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Caldwell 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.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the North Caldwell Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated February 28, 2024.

Purpose of this Report

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

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



Elizabeth A. Shick
Public School Accountant
PSA Number CS00203200

Fair Lawn, New Jersey
February 28, 2024



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
North Caldwell Board of Education
132A Gould Avenue
North Caldwell, New Jersey 07006

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

In our opinion, the North Caldwell 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 state programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major 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; 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, and New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the North Caldwell 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 state program. Our audit does not provide a legal determination of the North Caldwell Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the North Caldwell 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, and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the North Caldwell Board of Education's compliance with the requirements of each major 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, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the North Caldwell Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the North Caldwell 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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the North Caldwell 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 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 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Report on 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 and each major fund of the North Caldwell 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 February 28, 2024, 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 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, schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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



Elizabeth A. Shick
Public School Accountant
PSA Number CS00203200

Fair Lawn, New Jersey
February 28, 2024

NORTH CALDWELL 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 A.L. Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2022	A/R Carryover Amount	Def. Rev. Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2023		Due to Grantor	Memo GAAP Receivable
											(Accounts Receivable)	Deferred Revenue		
U.S. Department of Education														
Passed-through State Department of Education														
<u>Special Revenue Fund</u>														
I.D.E.A. Part B-Basic	84.027A	H027A220100	7/1/22-9/30/23	\$ 156,709				\$ 156,709	\$ 156,709					
I.D.E.A. Part B-Preschool	84.173A	H173A220114	7/1/22-9/30/23	8,024	-	-	-	8,024	8,024	-	-	-	-	-
Total Special Education Cluster (IDEA)					-	-	-	164,733	164,733	-	-	-	-	-
ARP ESSER	84.425U	S425U210027	3/13/20-9/30/24	570,483	\$ (516,461)	\$ 492,556		198,175	203,143		\$ (318,286)	\$ 289,413		\$ (28,873)
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	3/13/20-9/30/24	56,428	(56,428)	56,428		43,700	43,700		(12,728)	12,728		-
Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	3/13/20-9/30/24	40,000	(40,000)	40,000		20,002	20,002		(19,998)	19,998		-
Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000	(40,000)	40,000		20,002	20,002		(19,998)	19,998		-
NJTSS Mental Health Support Staffing	84.425U	S425U210027	3/13/20-9/30/24	45,000	(43,650)	43,650		43,650	43,650		-	-		-
Total ESSER Cluster					(696,539)	672,634	-	325,529	330,497	-	(371,010)	342,137	-	(28,873)
ESEA Title I	84.010	S010A220030	7/1/22-9/30/23	39,117				39,117	39,117		-	-		
ESEA Title IIA	84.367A	S367A220029	7/1/22-9/30/23	10,054				10,054	10,054		-	-		
ESEA Title IV	84.424A	S424A220031	7/1/22-9/30/23	10,000				10,000	10,000		-	-		
ESEA Title IV	84.424	S424A210031	7/1/21-9/30/22	10,000	(1,826)	-	-	1,826	-		-	-		-
Total U.S. Department of Education					(698,365)	672,634	-	551,259	554,401	-	(371,010)	342,137	-	(28,873)
Total					\$ (698,365)	\$ 672,634	\$ -	\$ 551,259	\$ 554,401	\$ -	\$ (371,010)	\$ 342,137	\$ -	\$ (28,873)

Note: This schedule was not subject to an audit in accordance with U.S. Uniform Guidance

The Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of this Schedule.

**NORTH CALDWELL 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	Grant Period	Balance at June 30, 2022					Balance at June 30, 2023			Memo				
			Award Amount	(Accounts Receivable)	Deferred Revenue	Cash Received	Budgetary Expenditures	Cancelled	(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures		
State Department of Education															
General Fund															
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 498,070	\$ (47,186)		\$ 47,186									
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23	673,308			607,839	\$ 673,308	\$ (65,469)					\$ 673,308		
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	51,981	(4,925)		4,925									
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	51,981	-	-	46,927	51,981	(5,054)					51,981		
Total State Aid Public Cluster							725,289						725,289		
School Security Aid - Alyssa's Law	20E00312	7/1/20-6/30/22	33,507	(33,507)				(33,507)				\$ (33,507)			
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	84,466	(8,002)		8,002									
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	84,466			76,253	84,466	(8,213)					84,466		
Extraordinary Sp. Ed. Aid	22-495-034-5120-044	7/1/21-6/30/22	844,691	(844,691)		844,691									
Extraordinary Sp. Ed. Aid	23-495-034-5120-044	7/1/22-6/30/23	731,847				731,847	(731,847)					731,847		
Additional Non-Public Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	6,090	(6,090)		6,090									
Additional Non-Public Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	9,048				9,048	(9,048)				(9,048)	9,048		
TPAF Social Security Tax	23-495-034-5094-003	7/1/22-6/30/23	415,219			394,945	415,219	(20,274)				(20,274)	415,219		
TPAF Pension On-Behalf Normal Costs	23-495-034-5094-002	7/1/22-6/30/23	2,029,490			2,029,490	2,029,490						2,029,490		
TPAF Pension On-Behalf NCGI Premium	23-495-034-5094-004	7/1/22-6/30/23	28,157			28,157	28,157						28,157		
TPAF Pension On-Behalf Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	693			693	693						693		
TPAF Pension On-Behalf PRM Contr.	23-495-034-5094-001	7/1/22-6/30/23	540,539	-	-	540,539	540,539						540,539		
Total General Fund							(944,401)	-	4,635,737	4,564,748	-	(873,412)	-	(62,829)	4,564,748
Special Revenue Fund															
SDA Emergent Maintenance and Equity Grant	N/A	7/1/22-6/30/23	15,420	-	-	15,420	15,420						-	15,420	
Total Special Revenue Fund							-	-	15,420	15,420	-	-	-	-	15,420
Total State Financial Assistance Subject to Single Audit Determination							(944,401)	-	4,651,157	4,580,168	-	(873,412)	-	(62,829)	4,580,168
State Financial Assistance															
Not Subject to Single Audit Determination															
General Fund															
TPAF Pension On-Behalf Normal Costs	23-495-034-5094-002	7/1/22-6/30/23	2,029,490			(2,029,490)	(2,029,490)							(2,029,490)	
TPAF Pension On-Behalf NCGI Premium	23-495-034-5094-004	7/1/22-6/30/23	28,157			(28,157)	(28,157)							(28,157)	
TPAF Pension On-Behalf Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	693			(693)	(693)							(693)	
TPAF Pension On-Behalf PRM Contr.	23-495-034-5094-001	7/1/22-6/30/23	540,539	-	-	(540,539)	(540,539)							(540,539)	
Total State Financial Assistance Utilized for Calculation to Determine Major Programs							\$ (944,401)	\$ -	\$ 2,052,278	\$ 1,981,289	\$ -	\$ (873,412)	\$ -	\$ (62,829)	\$ 1,981,289

The Notes to the Schedule of Expenditures of State Financial Assistance are an Integral Part of this Schedule.

**NORTH CALDWELL 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 North Caldwell School District (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. This basis of accounting is 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 an increase of \$94,221 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue fund. 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		\$ 4,658,969	\$ 4,658,969
Special Revenue Fund	\$ 554,401	15,420	569,821
Total Financial Assistance	<u>\$ 554,401</u>	<u>\$ 4,674,389</u>	<u>\$ 5,228,790</u>

**NORTH CALDWELL 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

TPAF Social Security contributions in the amount of \$415,219 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 \$2,057,647, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$540,539 and TPAF Long-Term Disability Insurance in the amount of \$693 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 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.

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

Financial Statement Section

- A) Type of auditors' report issued: Unmodified
- B) 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
- C) Noncompliance material to the basic financial statements noted? _____ yes X no

Federal Awards Section

Not Applicable

State Awards Section

- Internal Control over major programs:
- (1) Material weakness(es) identified? _____ yes X no
- 2) Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? _____ yes X no

Identification of major state programs:

<u>CFDA Number(s)</u>	<u>Name of State Program or Cluster</u>
<u>23-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>23-495-034-5120-084</u>	<u>Security Aid</u>
_____	_____
_____	_____
_____	_____

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

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

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

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**NORTH CALDWELL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 state programs, as required by New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not applicable.

CURRENT YEAR STATE AWARDS

There are none.

**NORTH CALDWELL BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
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* and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.