

**TOTOWA BOARD OF EDUCATION**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Totowa, New Jersey**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
of the  
Totowa Board of Education  
Totowa, New Jersey  
For The Fiscal Year Ended June 30, 2024**

**Prepared by  
Business Office**

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## **INTRODUCTORY SECTION**

**BOROUGH OF TOTOWA PUBLIC SCHOOLS**  
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TOTOWA, NEW JERSEY 07512  
**OFFICE OF THE CHIEF SCHOOL ADMINISTRATOR**  
Patricia Capitelli

Tel: 973-956-0010

Fax: 973-389-9838

October 21, 2024

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

Dear Board Members:

The comprehensive annual financial report of the Totowa School District for the fiscal year ended June 30, 2024, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Totowa Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

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

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten, Kindergarten, and grades one through eight. These include regular, as well as special education programs for students with disabilities. The District completed the 2023-2024 fiscal year with an

enrollment of 928 students. The following details the changes in the student enrollment of the District over the last five years.

**Average Daily Enrollment**

**(Data Source: ASSA Report, including SE Students)**

Fiscal Year	Student Enrollment 10/15	Total (End of Year)
19/20	977	938
20/21	907	914
21/22	936	943
22/23	907	910
23/24	916	928

**2. ECONOMIC CONDITION AND OUTLOOK:**

The Totowa area is in the process of completing another era of development and expansion that is expected to stabilize and increase the tax base. A large industrial area and three new apartment buildings are currently being completed. The number of businesses relocating to the area results in a stabilized level of tax base; both residential and industrial. Annual enrollment has increased from last year. The school district has seen an increase in enrollment throughout the year. Enrollment in the district has become much more fluid in recent years with the additional apartment complexes being completed around town. The attractiveness of the Totowa tax base, additional apartments, and the progressive school system have been the catalyst for the purchase and/or renting of houses and apartments for many families looking for housing.

**3. MAJOR INITIATIVES:**

**A. Technology**

The Totowa School district has implemented a one-to-one computing initiative. All kindergarten through grade 8 students have been provided with a laptop computer. The district completed purchasing new state-of-the-art Smart Boards in each classroom and has put them on a replacement plan moving forward on a rotational basis. At year-end, the Totowa School district offered laptops to the community at a greatly reduced price. The district sold roughly 240 laptops at \$25 each in hopes of increasing the access to technology of families in the community at home.

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

**B. Virtual Learning**

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

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

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

In 2024-2025, the Totowa School district will continue to use several strategies to help shrink the learning gap that may exist due to virtual learning and closures at the end of the 2019-2020 school year. A few of the strategies consist of; smaller class sizes for a more individualized approach, additional professional development for staff, and 1:1 computer initiative K-8 with the option to use at home, and a laptop buyback program at year-end. The School district also received a High Impact Tutoring grant in 2023-2024 that was designed to target students who needed additional help after school hours as well as providing teachers with forty hours of Orton Gillingham training. This grant and program will continue into the 2024-2025 school year. School district teachers will use a variety of tests and assessments to determine if a pupil should be categorized as at risk of not meeting the proficiency of the New Jersey Student Learning Standards. Students who are at risk will be provided with an individualized learning plan to address each student's needs. Supplemental instruction and related activities and services are responsive to identified deficiencies and are designed to meet the academic, social, economic, and environmental needs of pupils. Evaluation of the progress toward proficiency will occur throughout the year and the student's placement will be addressed accordingly. Parents will be notified of the student's need for supplemental instruction and parents will be apprised of their child(ren)'s progress. Guidance counselors will create programs based on students' social and emotional needs. The district will consider the impact of social isolation on both students and staff. Students and staff who are at-risk will receive additional support in the school setting as well as outside.

C. Totowa Education Foundation, Inc.

The Totowa Education Foundation, Inc. ran their before and after care program, Kops 4 Kids, during the 2023-2024 school year. Enrollment has steadily increased since the pandemic. The Foundation offered bowling and the school musical again in 2023-2024. The Foundation also subsidized the funding for boys' and girls' Basketball and Volleyball. Programs will continue to run as they have with no additional cost to the taxpayers.

The Foundation sponsored "Kops for Kids" and "Totowa Preschool (TPK) Kops for Kids" programs and the "Kops 4 Kids Summer Program" (July and August 2023) continues to provide an important service to the community, as well as generating most of the revenue for extracurricular programming and professional development incentives for teachers. Enrichment programs were offered again during the 2023-2024 school year. The programs allowed students to select from a wide variety of classes, ranging from "Ice Cream Art" to "Super Mario Bros.". Art related classes at Memorial School and Washington Park School have been well received.

Extracurricular programming resumed during the 2023-2024 school year. The following programs were offered during the 2023-2024 school year:

- Bowling league
- Boys' traveling basketball team
- Boys' volleyball team
- Girls' traveling basketball team

-Girls' volleyball team

The annual school musical production for middle school students includes singing, dancing, and a pit band. The play continued in 2023-2024 and Annie Jr. was performed. The musicals performed for the last five years were:

Willy Wonka Jr.	- 2018-2019
Frozen (Virtual Video)	- 2019-2020
Frozen Jr.	- 2021-2022
Moana Jr.	- 2022-2023
Annie Jr.	- 2023-2024

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

The PTO serves as one of the District's strongest supporters and child advocate organizations. Extensive cultural arts offerings are financed through the efforts of the PTO. Through the adult Tricky Tray, kids Tricky Tray, and Fall Fundraiser, three major sources of revenue, the PTO has continued to fund major initiatives in the district. In the past, PTO funds have been used for upgrading school libraries. The PTO also sponsors cultural arts programs, family night, the eighth-grade dance, and an eighth-grade trip to a Broadway play. In addition, the PTO purchases planners for students in grades four through eight and crayons and folders for students in pre-kindergarten through grade three.

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

Partnership with Totowa Police Department: The administration and Board of Education have continued their partnership with the Totowa Police Department to contract with, at a reduced rate, three full-time armed Totowa active duty police officers at a cost of \$50.00 per hour per officer.

Partnership with Municipal Alliance: The administration and Board of Education have continued their partnership with the Municipal Alliance during the 2023-2024 school year. The Municipal Alliance helps run programs such as Community Awareness and school-based prevention programs.

Partnership with Totowa Fire Department: The administration and the Board of Education have continued their partnership with the Totowa Fire Department during the 2023-2024 school year. The Fire Department provides programs and hands-on activities to educate our students about fire prevention and safety.

#### **4. FACILITIES -**

The district used the summer of 2023 to plan for a Boiler Room replacement/renovation project that will take place in Washington Park School during the 2023-2024 and 2024- 2025 school years. In the fall of 2023, the district replaced two Rooftop Heating units on the seventh and eighth-grade wing at Washington Park School. The Boiler project officially started in June 2024.

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

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District

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

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

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

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

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

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

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

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

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

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

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

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

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

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Bliss, LLP was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the U.S. Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements and individual fund



financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**10. ACKNOWLEDGEMENTS -**

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

Respectfully submitted,

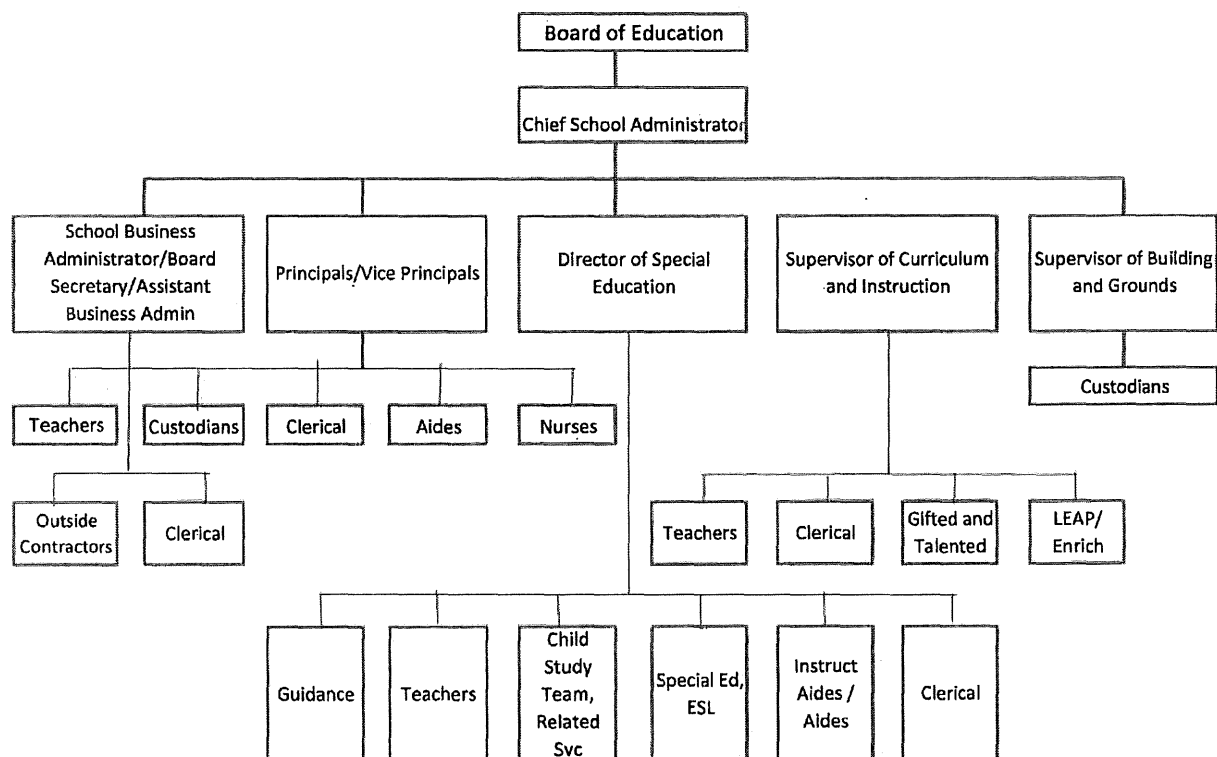


Patricia Capitelli  
Chief School Administrator



Vincent Varcadipane  
School Business Administrator/  
Board Secretary

### 1110 ORGANIZATIONAL CHART



Adopted: 08 December 1993

Revised: 16 October 2002

Revised: 08 September 2004

Revised: 13 July 2016

Revised: 21 August 2019



Totowa Board of Education  
Roster of Officials  
June 30, 2024

**Members of the Board of Education**

**Term Expires**

Heather Antonucci – President	2026
Julie Alesandrelli – Vice President	2027
Gary Bierach	2025
Rosemarie Carr	2025
Kristen Coiro	2026
Gregory La Rose	2027
Danny Palazzo	2027
Joseph Parlegreco	2025
Nicholas Vancheri	2026

**Other Officials**

Patricia Capitelli, Chief School Administrator

Vincent Varcadipane, Board Secretary/School Business Administrator

Lisa Nash, Treasurer of School Monies

Raymond B. Reddin, Attorney

Totowa Board of Education  
Consultants and Advisors  
June 30, 2024

**Audit Firm**

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

**Attorney**

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

**Official Depository**

Valley National Bank  
55 Union Boulevard  
Totowa, New Jersey 07512

## **FINANCIAL SECTION**



# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA, 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  
Totowa Board of Education  
Totowa, New Jersey

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Totowa Board of Education, as of and for the fiscal year ended June 30, 2024 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Totowa Board of Education as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

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

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

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

## ***Required Supplementary Information***

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



### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Totowa Board of Education's basic financial statements. The accompanying fund financial statements, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Totowa Board of Education. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

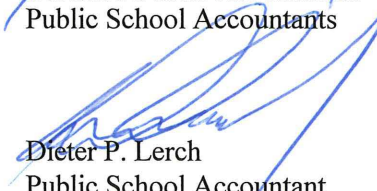
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2024 on our consideration of the Totowa Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Totowa Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Totowa Board of Education's internal control over financial reporting and compliance.

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

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
October 22, 2024



**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

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

# **TOTOWA BOARD OF EDUCATION**

## **Management's Discussion and Analysis**

This section of Totowa 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, 2024. 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 (2023-2024) and the prior year (2022-2023) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2023-2024 fiscal year include the following:

- The assets and deferred outflows of resources of the Totowa Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,575,971 (net position).
- Overall District revenues were \$24,038,559. General revenues accounted for \$18,567,847 or 77% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,470,712 of total revenues.
- The School District had \$18,340,920 in expenses for governmental activities; only \$4,881,671 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$18,567,847 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 \$25,098,551 an increase of \$4,813,245 when compared to the ending fund balance at June 30, 2023 of \$20,285,306.
- The General Fund unassigned budgetary fund balance at June 30, 2024 was \$427,047 which represents an increase of \$19,378 when compared to the ending unassigned fund balance at June 30, 2023 of \$407,669.

# TOTOWA BOARD OF EDUCATION

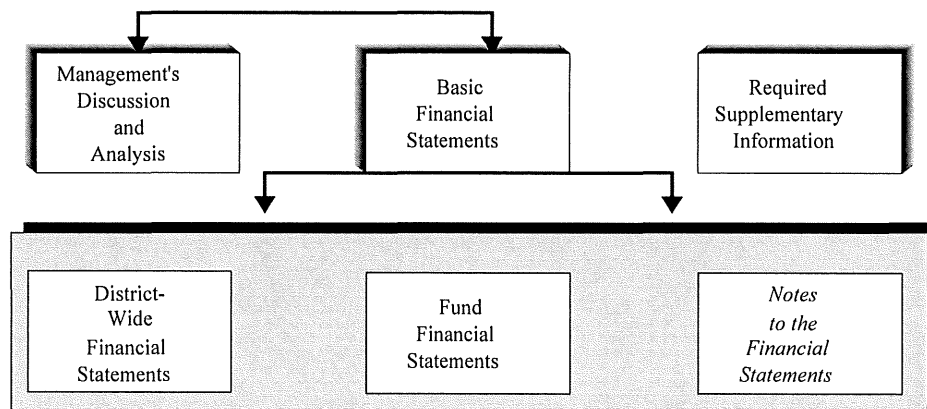
## Management's Discussion and Analysis

### 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.
  - Proprietary Funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

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.



# TOTOWA 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	Proprietary 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	Activities the district operates similar to private businesses: Enterprise funds
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources 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	All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

# TOTOWA BOARD OF EDUCATION

## 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 two categories:

- *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.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund is included here.

### Fund Financial Statements

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

- Some funds are required by State law and 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).

# TOTOWA BOARD OF EDUCATION

## Management's Discussion and Analysis

### Fund Financial Statements (Continued)

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's Enterprise Fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

### 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.

# TOTOWA 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 \$28,575,971 and \$23,608,062 as of June 30, 2024 and 2023, 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, 2024 and 2023

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Assets</b>						
Current and Other Assets	\$ 25,616,313	\$ 20,914,514	\$ 163,146	\$ 307,577	\$ 25,779,459	\$ 21,222,091
Capital Assets	<u>7,605,245</u>	<u>7,683,306</u>	<u>-</u>	<u>-</u>	<u>7,605,245</u>	<u>7,683,306</u>
<b>Total Assets</b>	<u>33,221,558</u>	<u>28,597,820</u>	<u>163,146</u>	<u>307,577</u>	<u>33,384,704</u>	<u>28,905,397</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Net Pension Liability	<u>307,750</u>	<u>543,526</u>	<u>-</u>	<u>-</u>	<u>307,750</u>	<u>543,526</u>
<b>Total Deferred Outflows</b>	<u>307,750</u>	<u>543,526</u>	<u>-</u>	<u>-</u>	<u>307,750</u>	<u>543,526</u>
<b>Total Assets and Deferred Outflows</b>	<u>33,529,308</u>	<u>29,141,346</u>	<u>163,146</u>	<u>307,577</u>	<u>33,692,454</u>	<u>29,448,923</u>
<b>Liabilities</b>						
Long-Term Liabilities	3,901,913	4,319,070			3,901,913	4,319,070
Other Liabilities	<u>517,762</u>	<u>629,208</u>	<u>39,738</u>	<u>42,953</u>	<u>557,500</u>	<u>672,161</u>
<b>Total Liabilities</b>	<u>4,419,675</u>	<u>4,948,278</u>	<u>39,738</u>	<u>42,953</u>	<u>4,459,413</u>	<u>4,991,231</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	656,933	848,966			656,933	848,966
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>137</u>	<u>664</u>	<u>137</u>	<u>664</u>
<b>Total Deferred Inflows</b>	<u>656,933</u>	<u>848,966</u>	<u>137</u>	<u>664</u>	<u>657,070</u>	<u>849,630</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>5,076,608</u>	<u>5,797,244</u>	<u>39,875</u>	<u>43,617</u>	<u>5,116,483</u>	<u>5,840,861</u>
<b>Net Position</b>						
Net Investment in Capital Assets	7,605,245	7,683,306	-	-	7,605,245	7,683,306
Restricted	10,531,362	8,166,830			10,531,362	8,166,830
Unrestricted	<u>10,316,093</u>	<u>7,493,966</u>	<u>123,271</u>	<u>263,960</u>	<u>10,439,364</u>	<u>7,757,926</u>
<b>Total Net Position</b>	<u>\$ 28,452,700</u>	<u>\$ 23,344,102</u>	<u>\$ 123,271</u>	<u>\$ 263,960</u>	<u>\$ 28,575,971</u>	<u>\$ 23,608,062</u>



# TOTOWA BOARD OF EDUCATION

## Management's Discussion and Analysis

The changes in net position for fiscal years ended 2024 and 2023 are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 301,659	\$ 312,542	\$ 388,872	\$ 377,212	\$ 690,531	\$ 689,754
Operating Grants and Contributions	4,580,012	4,725,169	200,169	227,048	4,780,181	4,952,217
General Revenues						
Property Taxes	17,216,286	16,828,739			17,216,286	16,828,739
Investment Earnings	1,179,510	636,428	-	-	1,179,510	636,428
Miscellaneous	172,051	34,454	-	11,176	172,051	45,630
<b>Total Revenues</b>	<u>23,449,518</u>	<u>22,537,332</u>	<u>589,041</u>	<u>615,436</u>	<u>24,038,559</u>	<u>23,152,768</u>
<b>Expenses</b>						
Instruction						
Regular	8,293,666	8,566,064			8,293,666	8,566,064
Special Education	2,131,834	1,839,938			2,131,834	1,839,938
Other Instruction	655,944	603,629			655,944	603,629
School Sponsored Activities and Athletics	84,939	80,787			84,939	80,787
Support Services						
Student and Instruction Related Services	2,437,675	2,162,388			2,437,675	2,162,388
General Administration Services	581,063	502,345			581,063	502,345
School Administration Services	1,207,702	1,169,735			1,207,702	1,169,735
Plant Operation and Maintenance	1,641,023	1,688,777			1,641,023	1,688,777
Pupil Transportation	735,244	679,189			735,244	679,189
Business Services	571,830	539,729			571,830	539,729
Food Service	-	-	729,730	668,179	729,730	668,179
<b>Total Expenses</b>	<u>18,340,920</u>	<u>17,832,581</u>	<u>729,730</u>	<u>668,179</u>	<u>19,070,650</u>	<u>18,500,760</u>
Change in Net Position	5,108,598	4,704,751	(140,689)	(52,743)	4,967,909	4,652,008
<b>Net Position, Beginning of Year</b>	<u>23,344,102</u>	<u>18,639,351</u>	<u>263,960</u>	<u>316,703</u>	<u>23,608,062</u>	<u>18,956,054</u>
<b>Net Position, End of Year</b>	<u>\$ 28,452,700</u>	<u>\$ 23,344,102</u>	<u>\$ 123,271</u>	<u>\$ 263,960</u>	<u>\$ 28,575,971</u>	<u>\$ 23,608,062</u>

# TOTOWA BOARD OF EDUCATION

## Management's Discussion and Analysis

### Governmental Activities

The financial position of the District improved significantly. However, maintaining existing programs with decreased enrollment, 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, 2024 and 2023.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Instruction				
Regular	8,293,666	8,566,064	\$ 6,199,656	\$ 6,179,836
Special Education	2,131,834	1,839,938	673,451	478,306
Other Instruction	655,944	603,629	539,803	488,620
School Sponsored Activities and Athletics	84,939	80,787	(35,066)	(24,005)
Support Services				
Student and Instruction Related Services	2,437,675	2,162,388	1,732,810	1,517,616
General Administration	581,063	502,345	580,451	499,443
School Administration Services	1,207,702	1,169,735	1,075,538	1,025,131
Plant Operation and Maintenance	1,641,023	1,688,777	1,565,168	1,585,603
Pupil Transportation	735,244	679,189	556,620	509,655
Business Services	<u>571,830</u>	<u>539,729</u>	<u>570,818</u>	<u>534,665</u>
<b>Total</b>	<b><u>\$ 18,340,920</u></b>	<b><u>\$ 17,832,581</u></b>	<b><u>\$ 13,459,249</u></b>	<b><u>\$ 12,794,870</u></b>

# **TOTOWA 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 \$25,098,551, an increase of \$4,813,245 from last year's fund balance of \$20,285,306.

Revenues for the District's governmental funds were \$25,169,976; total expenditures were \$20,356,731.

**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 of the General Fund were \$23,842,206 for the fiscal year ended June 30, 2024. State sources amounted to \$4,925,820, federal sources totaled \$46,880 and local sources were \$18,869,506.

Expenditures of the General Fund were \$19,064,027. Instructional expenditures were \$11,489,250 for support services were \$7,276,859 and capital expenditures totaled \$297,918 for the fiscal year ended June 30, 2024.

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

Revenues of the Special Revenue Fund were \$1,327,770 for the fiscal year ended June 30, 2024. State sources amounted to \$187,145, federal sources totaled \$1,020,620 and local sources were \$120,005.

Expenditures of the Special Revenue Fund were \$1,292,704. Instructional expenditures were \$840,721 and support services were \$451,983 for the fiscal year ended June 30, 2024.

#### **Proprietary Funds**

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

# TOTOWA BOARD OF EDUCATION

## Management's Discussion and Analysis

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

### 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, 2023 encumbrances.
- Appropriation of Capital Reserve

### CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of June 30, 2024 and 2023 amounts to \$7,605,245 and \$7,683,306 (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 2023-2024 amounted to \$375,979 for governmental activities.

The following is a comparative analysis of capital assets at June 30, 2024 and 2023.

	Governmental			
	<u>Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 130,267	\$ 130,267	\$ 130,267	\$ 130,267
Construction in Progress	297,918	-	297,918	-
Site Improvements	1,689,265	1,755,090	1,689,265	1,755,090
Buildings	5,324,684	5,591,835	5,324,684	5,591,835
Machinery and Equipment	<u>163,111</u>	<u>206,114</u>	<u>163,111</u>	<u>206,114</u>
<b>Total</b>	<u>\$ 7,605,245</u>	<u>\$ 7,683,306</u>	<u>\$ 7,605,245</u>	<u>\$ 7,683,306</u>

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

# **TOTOWA BOARD OF EDUCATION**

## **Management's Discussion and Analysis**

### **LONG TERM LIABILITIES**

At June 30, 2024, the District's long-term liabilities consisted of compensated absences payable of \$695,345 and net pension liability of \$3,206,568 totaling \$3,901,913. This is in comparison to long-term liabilities at June 30, 2023 of \$4,319,070 or a decrease of \$417,157.

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

### **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 2024-2025 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, Totowa Board of Education, 294 Totowa Road, Totowa, NJ 07512.

## **BASIC FINANCIAL STATEMENTS**

**TOTOWA BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2024**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 25,449,907	\$ 150,347	\$ 25,600,254
Receivables, net			
Receivables from Other Governments	166,406	8,695	175,101
Inventory		4,104	4,104
Capital Assets, Not Being Depreciated	428,185		428,185
Capital Assets, Being Depreciated	<u>7,177,060</u>	<u>-</u>	<u>7,177,060</u>
Total Assets	<u>33,221,558</u>	<u>163,146</u>	<u>33,384,704</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>307,750</u>	<u>-</u>	<u>307,750</u>
Total Deferred Outflows of Resources	<u>307,750</u>	<u>-</u>	<u>307,750</u>
Total Assets and Deferred Outflows of Resources	<u>33,529,308</u>	<u>163,146</u>	<u>33,692,454</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	197,655	32,269	229,924
Payroll Deductions and Withholdings Payable	292,917		292,917
Payable to Other Governments	27,190		27,190
Unearned Revenue		7,469	7,469
Noncurrent Liabilities			
Due Within One Year	60,000		60,000
Due Beyond One Year	<u>3,841,913</u>	<u>-</u>	<u>3,841,913</u>
Total Liabilities	<u>4,419,675</u>	<u>39,738</u>	<u>4,459,413</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	656,933		656,933
Deferred Commodities Revenue	<u>-</u>	<u>137</u>	<u>137</u>
Total Deferred Inflows of Resources	<u>656,933</u>	<u>137</u>	<u>657,070</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,076,608</u>	<u>39,875</u>	<u>5,116,483</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,605,245		7,605,245
Restricted for			
Unemployment Compensation	108,869		108,869
Capital Projects	10,422,493		10,422,493
Unrestricted	<u>10,316,093</u>	<u>123,271</u>	<u>10,439,364</u>
Total Net Position	<u>\$ 28,452,700</u>	<u>\$ 123,271</u>	<u>\$ 28,575,971</u>

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

**TOTOWA BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 8,293,666	\$ 301,659	\$ 1,792,351		\$ (6,199,656)		\$ (6,199,656)
Special Education	2,131,834		1,458,383		(673,451)		(673,451)
Other Instruction	655,944		116,141		(539,803)		(539,803)
School Sponsored Activities & Athletics	84,939		120,005		35,066		35,066
Support Services							
Student and Instruction Related Services	2,437,675		704,865		(1,732,810)		(1,732,810)
General Administrative Services	581,063		612		(580,451)		(580,451)
School Administrative Services	1,207,702		132,164		(1,075,538)		(1,075,538)
Central Services	571,830		1,012		(570,818)		(570,818)
Plant Operations and Maintenance	1,641,023		75,855		(1,565,168)		(1,565,168)
Pupil Transportation	735,244	-	178,624	-	(556,620)	-	(556,620)
<b>Total Governmental Activities</b>	<b>18,340,920</b>	<b>301,659</b>	<b>4,580,012</b>	<b>-</b>	<b>(13,459,249)</b>	<b>-</b>	<b>(13,459,249)</b>
<b>Business-Type Activities</b>							
Food Service	729,730	388,872	200,169	-	-	\$ (140,689)	(140,689)
<b>Total Business-Type Activities</b>	<b>729,730</b>	<b>388,872</b>	<b>200,169</b>	<b>-</b>	<b>-</b>	<b>(140,689)</b>	<b>(140,689)</b>
<b>Total Primary Government</b>	<b>\$ 19,070,650</b>	<b>\$ 690,531</b>	<b>\$ 4,780,181</b>	<b>\$ -</b>	<b>(13,459,249)</b>	<b>(140,689)</b>	<b>(13,599,938)</b>
<b>General Revenues</b>							
Property Taxes, Levied for General Purposes					17,216,286		17,216,286
Investment Earnings					1,179,510	-	1,179,510
Miscellaneous Income					172,051	-	172,051
<b>Total General Revenues</b>					<b>18,567,847</b>	<b>-</b>	<b>18,567,847</b>
Change in Net Position					5,108,598	(140,689)	4,967,909
Net Position, Beginning of Year					23,344,102	263,960	23,608,062
Net Position, End of Year					<b>\$ 28,452,700</b>	<b>\$ 123,271</b>	<b>\$ 28,575,971</b>



## **FUND FINANCIAL STATEMENTS**

**TOTOWA BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2024**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 25,145,834	\$ 304,073	\$ 25,449,907
Receivables, Net			
Receivables from Other Governments	<u>85,636</u>	<u>80,770</u>	<u>166,406</u>
Total Assets	<u>\$ 25,231,470</u>	<u>\$ 384,843</u>	<u>\$ 25,616,313</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	\$ 33,882	\$ 163,773	\$ 197,655
Payroll Deductions and Withholdings Payable	292,917		292,917
Payable to State Government	<u>-</u>	<u>27,190</u>	<u>27,190</u>
Total Liabilities	<u>326,799</u>	<u>190,963</u>	<u>517,762</u>
Fund Balances			
Restricted			
Capital Reserve	10,422,493		10,422,493
Excess Surplus	7,419,506		7,419,506
Excess Surplus - Designated for			
Subsequent Year's Budget	6,725,546		6,725,546
Unemployment Compensation	108,869		108,869
Student Activities		193,880	193,880
Unassigned	<u>228,257</u>	<u>-</u>	<u>228,257</u>
Total Fund Balances	<u>24,904,671</u>	<u>193,880</u>	<u>25,098,551</u>
Total Liabilities and Fund Balances	<u>\$ 25,231,470</u>	<u>\$ 384,843</u>	<u>\$ 25,616,313</u>

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

**TOTOWA BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2024**

Total Fund Balances - Governmental Funds (Exhibit B-1) \$ 25,098,551

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,311,435 and the accumulated depreciation is \$8,706,190.

7,605,245

Amounts resulting from the refunding of debt and net pension liabilities are reported as deferred inflows and outflows of resources on the statement of net position and amortized over the life of the debt.

Deferred Inflows of Resources

Net Pension Liability \$ (656,933)

Deferred Outflows of Resources

Net Pension Liability 307,750

(349,183)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

Net Pension Liability (3,206,568)

Compensated Absences (695,345)

(3,901,913)

Net Position of Governmental Activities (Exhibit A-1) \$ 28,452,700

**TOTOWA BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local Sources			
Local Tax Levy	\$ 17,216,286		\$ 17,216,286
Tuition	301,659		301,659
Investment Earnings	1,179,510		1,179,510
Miscellaneous	172,051	\$ 120,005	292,056
Total - Local Sources	18,869,506	120,005	18,989,511
State Sources	4,925,820	187,145	5,112,965
Federal Sources	46,880	1,020,620	1,067,500
Total Revenues	23,842,206	1,327,770	25,169,976
<b>EXPENDITURES</b>			
Current			
Regular Instruction	8,598,984	524,657	9,123,641
Special Education Instruction	2,133,767	231,125	2,364,892
Other Instruction	756,499		756,499
School-Sponsored Activities and Athletics	-	84,939	84,939
Support Services and Undistributed Costs			
Student and Instruction Related Services	2,230,176	451,983	2,682,159
General Administrative Services	588,304		588,304
School Administrative Services	1,360,822		1,360,822
Central Services	630,508		630,508
Plant Operations and Maintenance	1,728,437		1,728,437
Pupil Transportation	738,612		738,612
Capital Outlay	297,918	-	297,918
Total Expenditures	19,064,027	1,292,704	20,356,731
Excess of Revenues Over Expenditures	4,778,179	35,066	4,813,245
Net Change in Fund Balances	4,778,179	35,066	4,813,245
Fund Balance, Beginning of Year	20,126,492	158,814	20,285,306
Fund Balance, End of Year	\$ 24,904,671	\$ 193,880	\$ 25,098,551

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

**TOTOWA BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 4,813,245

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

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

Capital Outlay	\$ 297,918	
Depreciation Expense	<u>(375,979)</u>	
		(78,061)

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

Net Pension Liability	395,512	
Compensated Absences	<u>(22,098)</u>	
		<u>373,414</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 5,108,598

**TOTOWA BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2024**

**Enterprise Fund -  
Food Service**

**ASSETS**

Current Assets	
Cash and Cash Equivalents	\$ 150,347
Intergovernmental Receivable	
State	430
Federal	8,265
Inventory	<u>4,104</u>
 Total Current Assets	 <u>163,146</u>

**LIABILITIES**

Accounts Payable	32,269
Unearned Revenues	<u>7,469</u>
 Total Liabilities	 <u>39,738</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Commodities Revenue	<u>137</u>
 Total Deferred Inflows of Resources	 <u>137</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>39,875</u>

**NET POSITION**

Unrestricted	<u>123,271</u>
 Total Net Position	 <u><u>\$ 123,271</u></u>

**TOTOWA BOARD OF EDUCATION**  
**PROPRIETARY FUND**  
**FOOD SERVICE ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>Enterprise Fund - Food Service</b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Reimbursable	\$ 171,256
Daily Sales - Non-Reimbursable	206,597
Other Sales	<u>11,019</u>
 Total Operating Revenues	 <u>388,872</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales - Reimbursable	147,193
Cost of Sales - Non-Reimbursable	94,107
Salaries & Wages	365,964
Insurance	19,249
Supplies	23,533
Professional Service	3,935
Management Fee	46,313
Utilities	216
Miscellaneous	<u>29,220</u>
 Total Operating Expenses	 <u>729,730</u>
 Operating Loss	 <u>(340,858)</u>
<b>NONOPERATING REVENUES</b>	
Federal Sources	
National School Lunch Program	126,556
National Breakfast Program	3,179
NJEIE	1,454
Supply Chain Assistance	25,239
Pandemic EBT	653
Local Food for School	1,178
Food Distribution Program	35,048
State Sources	
State School Breakfast Program	133
State School Lunch Program	<u>6,729</u>
 Total Nonoperating Revenues	 <u>200,169</u>
 Change in Net Position	 (140,689)
 Net Position, Beginning of Year	 <u>263,960</u>
 Net Position, End of Year	 <u><u>\$ 123,271</u></u>

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

**TOTOWA BOARD OF EDUCATION  
PROPRIETARY FUND  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>Enterprise Fund - Food Service</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 388,872
Cash Payments to Employees for Salaries and Wages	(365,964)
Cash Payments to Suppliers for Goods and Services	<u>(304,299)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(281,391)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>165,906</u>
Net Cash Provided by Noncapital Financing Activities	<u>165,906</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>-</u>
Net Cash Provided by Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(115,485)
Cash and Cash Equivalents, Beginning of Year	<u>265,832</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 150,347</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	\$ (340,858)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Food Distribution Program	35,048
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(255)
(Increase)/Decrease in Due From Other Funds	28,416
Increase/(Decrease) in Unearned Revenue	(48)
Increase/(Decrease) in Deferred Inflows of Resources	(527)
Increase/(Decrease) in Accounts Payable	<u>(3,167)</u>
Total Adjustments	<u>59,467</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (281,391)</u></u>
Non-cash Investing, Capital and Financing Activities:	
Value Received- Food Distribution Program	<u><u>\$ 34,521</u></u>

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



## **NOTES TO THE FINANCIAL STATEMENTS**

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2024, the District adopted the following GASB statements:

- 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.

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

- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

- GASB Statement No. 102, *Certain Risk Disclosures*, will be effective beginning with the fiscal year ending June 30, 2025. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a school district vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a school district's financial condition.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective beginning with the fiscal year ending June 30, 2026. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from school district to school district, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

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

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

**District-Wide Financial Statements**

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

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

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

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

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

**Reclassifications**

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

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

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

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

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

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

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

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

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

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

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

***2. Receivables***

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

***3. Inventories***

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

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

TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

5. *Deferred Outflows/Inflows of Resources*

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

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

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

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

**6. *Compensated Absences***

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

**7. *Pensions***

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

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

**8. *Long-Term Obligations***

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

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

**9. *Net Position/Fund Balance***

**District-Wide Statements**

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

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

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

**Governmental Fund Statements**

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

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2024 audited excess surplus that is required to be appropriated in the 2025/2026 original budget certified for taxes.

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

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

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

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

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

**10. *Fund Balance Policies***

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

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



**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

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

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

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

**2. *Property Taxes***

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

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2022-2023 and 2023-2024 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**4. *On-Behalf Payments***

Revenues and expenditures of the general funds include payments made by the State of New Jersey on-behalf of the District for social security, pension, long-term disability insurance and post-retirement medical benefit contributions for District employees enrolled in the Teacher Pension and Annuity Fund (TPAF) retirement system.

Revenues and expenses of governmental activities, business-type activities and proprietary funds include the State's proportionate share of the on-behalf actuarial determined pension and post-retirement medical benefit amounts attributable to the District for District employees enrolled in the TPAF retirement system.

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**F. Revenues and Expenditures/Expenses (Continued)**

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The 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 annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2023/2024. Also, during 2023/2024 Board increased the original budget of the special revenue fund by \$253,741. The increase was funded by grant awards.

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.

TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024 is as follows:

Balance, July 1, 2023	\$ 8,072,683
Increased by:	
Interest Earnings	1,657
Deposits Approved by Board Resolution	1,000,000
Return of Unencumbered Budget Withdrawals	<u>1,348,153</u>
Balance, June 30, 2024	<u>\$ 10,422,493</u>

The June 30, 2024 LRFP balance of the total costs of uncompleted capital projects is estimated by management to be 14,885,000.

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 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, 2024 is \$14,145,052. Of this amount, \$6,725,546 was designated and appropriated in the 2024/2025 original budget certified for taxes and the remaining amount of \$7,419,506 will be appropriated in the 2025/2026 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee’s salary or funds which may pass to the local government upon the happening of a future condition.

TOTOWA BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2024, the book value of the Board's deposits was \$25,600,254 and bank and brokerage firm balances of the Board's deposits amounted to \$26,177,020. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 25,568,235
Uninsured and Collateralized	<u>608,785</u>
	<u>\$ 26,177,020</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, 2024 the Board's bank balances of \$608,785 were 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>\$ 608,785</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, 2024, the Board had no outstanding investments.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial credit risk.

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**B. Receivables**

Receivables as of June 30, 2024 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal	\$ 7,251	\$ 80,770	\$ 8,265	\$ 96,286
State	78,385		430	78,815
Other Receivables	-	-	-	-
Gross Receivables	85,636	80,770	8,695	175,101
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 85,636</u>	<u>\$ 80,770</u>	<u>\$ 8,695</u>	<u>\$ 175,101</u>

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	<u>Balance, July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2024</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 130,267	-	-	\$ 130,267
Construction in Progress	-	\$ 297,918	-	297,918
Total Capital Assets, Not Being Depreciated	130,267	297,918	-	428,185
Capital Assets, Being Depreciated:				
Buildings	11,970,544		-	11,970,544
Improvements Other Than Buildings	2,020,043	-		2,020,043
Machinery and Equipment	1,892,663	-	-	1,892,663
Total Capital Assets Being Depreciated	15,883,250	-	-	15,883,250
Less Accumulated Depreciation for:				
Buildings	(6,378,709)	(267,151)	-	(6,645,860)
Improvements Other Than Buildings	(264,953)	(65,825)		(330,778)
Machinery and Equipment	(1,686,549)	(43,003)	-	(1,729,552)
Total Accumulated Depreciation	(8,330,211)	(375,979)	-	(8,706,190)
Total Capital Assets, Being Depreciated, Net	7,553,039	(375,979)	-	7,177,060
Governmental Activities Capital Assets, Net	<u>\$ 7,683,306</u>	<u>\$ (78,061)</u>	<u>\$ -</u>	<u>\$ 7,605,245</u>

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**C. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction

Regular	\$ 267,676
Special	<u>3,833</u>

Total Instruction	<u>271,509</u>
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Support Services

Student Services - Students	30,320
General Administration	34,105
School Administration	15,221
Operation and Maintenance of Plant	15,107
Business and Other Support Services	<u>9,717</u>

Total Support Services	<u>104,470</u>
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Total Governmental Funds	<u>375,979</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 375,979</u>
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**D. Long-Term Debt**

**General Obligation Bonds**

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

There was no outstanding debt as of June 30, 2024.

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2024 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 103,550,390
Less: Net Debt Issued and Authorized But Not Issued	<u>-</u>
Remaining Borrowing Power	<u>\$ 103,550,390</u>

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2024, was as follows:

	Balance, July 1, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2024</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Net Pension Liability	\$ 3,645,823		\$ (439,255)	\$ 3,206,568	
Compensated Absences	<u>673,247</u>	<u>\$ 22,098</u>	<u>-</u>	<u>695,345</u>	<u>\$ 60,000</u>
Governmental Activity					
Long-Term Liabilities	<u>\$ 4,319,070</u>	<u>\$ 22,098</u>	<u>\$ (439,255)</u>	<u>\$ 3,901,913</u>	<u>\$ 60,000</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

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

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>District</u> <u>Contribution</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Earned</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2024	None	\$ 16,478	\$ 5,213	\$ 6,969	\$ 108,869
2023	None	16,037	3,432	38,138	94,147
2022	None	14,716	26	296	112,816

**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, 2024, 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, 2024, the District had no estimated arbitrage earnings due to the IRS.

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

**Plan Descriptions and Benefits Provided**

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

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



**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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:

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

Service retirement benefits of  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of  $1/60^{\text{th}}$  of final average salary for each year of service credit is available to tier 4 members upon reaching 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, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

The following represent the membership tiers for TPAF:

<b>Tier</b>	<b>Definition</b>
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

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

Service retirement benefits of  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of  $1/60^{\text{th}}$  of final average salary for each year of service credit is available to tier 4 members upon reaching 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 age for their respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

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

**Other Pension Funds**

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

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

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

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

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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. Empower Retirement (formerly Prudential) is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2023 is \$14.6 billion and the plan fiduciary net position as a percentage of the total pension liability is 65.23%. The collective net pension liability of the State funded TPAF at June 30, 2023 is \$51.1 billion and the plan fiduciary net position as a percentage of total pension liability is 34.68%.

The total pension liabilities for the June 30, 2023 measurement date were determined based on actuarial valuations as of July 1, 2022 which were rolled forward to June 30, 2023.

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Actuarial Methods and Assumptions**

In the July 1, 2022 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 2024.

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, 2024 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 2024, 2023 and 2022 were equal to the required contributions.

During the fiscal years ended June 30, 2024, 2023 and 2022 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively, for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2024	\$ 295,882	\$ 2,505,707	\$ 24,395
2023	304,648	2,423,847	21,263
2022	256,918	2,530,177	24,323

In addition for fiscal years 2024, 2023 and 2022 the State contributed \$780, \$787 and \$889, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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 \$511,969 during the fiscal year ended June 30, 2024 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. 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, 2022 through June 30, 2023. Employer allocation percentages have been rounded for presentation purposes. Contributions from employers are recognized when due based on statutory requirements.

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, 2023 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2023.

At June 30, 2024, the District reported in the statement of net position (accrual basis) a liability of \$3,206,568 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022. 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, 2023. At June 30, 2023, the District's proportionate share was 0.02214 percent, which was a decrease of 0.00202 percent from its proportionate share measured as of June 30, 2022 of 0.02416 percent.

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

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

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

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

For the fiscal year ended June 30, 2024, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$99,630 for PERS. The pension contribution made by the District during the current 2023/2024 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, 2024 with a measurement date of the prior fiscal year end of June 30, 2023. 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, 2024 for contributions made subsequent to the measurement date. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 30,659	\$ 13,107
Changes of Assumptions	7,044	194,332
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	14,767	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>255,280</u>	<u>449,494</u>
Total	<u>\$ 307,750</u>	<u>\$ 656,933</u>

At June 30, 2024, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2024	\$ (250,761)
2025	(141,533)
2026	132,764
2027	(85,182)
2028	(4,471)
Thereafter	<u>-</u>
	<u>\$ (349,183)</u>

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

*Actuarial Assumptions*

The District’s total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

*Mortality Rates*

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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, 2023) 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, 2023 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%	6.21%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
Emerging Markets Equity	5.50%	11.13%
High Yield	4.50%	6.97%
Real Assets	3.00%	8.40%
Private Credit	8.00%	9.20%
Real Estate	8.00%	8.58%
Private Equity	13.00%	12.50%
International Small Cap Equity	1.25%	9.22%



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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

*Sensitivity of Net Pension Liability*

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

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>4,174,269</u>	\$ <u>3,206,568</u>	\$ <u>2,382,926</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability at as of the measurement date of June 30, 2023. A sensitivity analysis specific to the District’s net pension liability at June 30, 2023 was not provided by the pension system.

*Pension Plan Fiduciary Net Position*

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

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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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 based on a measurement date no earlier than the end of the employer's prior fiscal year. The non-employer allocation percentages presented are based on the ratio of the State's actual contributions made as an employer and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2022 through June 30, 2023. 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, 2023, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2024, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$733,172 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, 2024 the State's proportionate share of the net pension liability attributable to the District is \$29,843,665. The net pension liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022. The nonemployee allocation percentages are based on the ratio of the State's contributions made as and a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2023. At June 30, 2023, the State's share of the net pension liability attributable to the District was 0.05848 percent, which was a decrease of 0.00253 percent from its proportionate share measured as of June 30, 2022 of 0.06061 percent.

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

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

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

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

**Actuarial Assumptions**

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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:	2.75-4.25%
	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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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, 2023) 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, 2023 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%	6.21%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
Emerging Markets Equity	5.50%	11.13%
High Yield	4.50%	6.97%
Real Assets	3.00%	8.40%
Private Credit	8.00%	9.20%
Real Estate	8.00%	8.58%
Private Equity	13.00%	12.50%
International Small Cap Equity	1.25%	9.22%

***Discount Rate***

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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	\$ 35,191,097	\$ 29,843,665	\$ 25,339,857

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, 2023. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2023 was not provided by the pension system.

*Pension Plan Fiduciary Net Position*

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

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

TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2022:

Active Plan Members	217,212
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>152,383</u>
Total	<u>369,595</u>

**Measurement Focus and Basis of Accounting**

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

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

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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, 2023 is \$52.4 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, 2023 were determined based on actuarial valuations as of June 30, 2022 which were rolled forward to June 30, 2023.

**Actuarial Methods and Assumptions**

In the June 30, 2022 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 \$1.44 billion to the OPEB plan in fiscal year 2023.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2024, 2023 and 2022 were \$681,962, \$636,739 and \$591,151, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

TOTOWA BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense based on a measurement date no earlier than the end of the employer’s prior fiscal year. 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, 2022 through June 30, 2023. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2024, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$705,785. 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, 2024 the State’s proportionate share of the OPEB liability attributable to the District is \$30,158,798. 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, 2023 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2023. At June 30, 2023, the state’s share of the OPEB liability attributable to the District was 0.06 percent, which was the same proportionate share measured as of June 30, 2022 of 0.06 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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



**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Actuarial Assumptions (Continued)**

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2018 to June 30, 2021.

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

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is, increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is, increasing to 17.4% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**Discount Rate**

The discount rate for June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2024 (measurement date June 30, 2023) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2022 Measurement Date	\$ 28,709,524
Changes Recognized for the Fiscal Year:	
Service Cost	1,200,458
Interest on the Total OPEB Liability	1,062,156
Differences Between Expected and Actual Experience	(73,379)
Changes of Assumptions	60,788
Gross Benefit Payments	(827,968)
Contributions from the Member	27,219
Net Changes	\$ 1,449,274
Balance, June 30, 2023 Measurement Date	\$ 30,158,798

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

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, 2023.

TOTOWA BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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 3.65%, 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 (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease <u>(2.65%)</u>	Current Discount Rate <u>(3.65%)</u>	1% Increase <u>(4.65%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 35,356,013	\$ 30,158,798	\$ 25,986,038

*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 <u></u>	Healthcare Cost Trend Rates <u></u>	1% Increase <u></u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 25,036,452	\$ 30,158,798	\$ 36,861,401

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2023. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2023 were not provided by the pension system.

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.

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 5 RECENT HEALTHCARE DEVELOPMENTS (Continued)**

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

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

The Board has been awarded a total of \$2,119,326 in federal aid to address the effects of the COVID-19 pandemic.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

**TOTOWA BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 17,216,286		\$ 17,216,286	\$ 17,216,286	
Tuition	175,000	-	175,000	301,659	\$ 126,659
Interest	5,000	-	5,000	1,172,640	1,167,640
Interest Earned - Capital Reserve	25	-	25	1,657	1,632
Interest Earned - Unemployment		-		5,213	5,213
Miscellaneous	-	-	-	172,051	172,051
Total Local Sources	17,396,311	-	17,396,311	18,869,506	1,473,195
State Sources					
Special Education Aid	885,900		885,900	885,900	-
Transportation Aid	150,414		150,414	150,414	-
Security Aid	74,363		74,363	74,363	-
Extraordinary Aid				91,565	91,565
Non Public Transportation Reimbursements				28,210	28,210
On-behalf TPAF Pension Payments (Non-Budget) - Pension				2,477,453	2,477,453
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium				28,254	28,254
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.				681,962	681,962
On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins.				780	780
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	511,969	511,969
Total State Sources	1,110,677	-	1,110,677	4,930,870	3,820,193
Federal Sources					
Medicaid Reimbursements	30,028	-	30,028	46,880	16,852
Total Federal Sources	30,028	-	30,028	46,880	16,852
Total Revenues	18,537,016	-	18,537,016	23,847,256	5,310,240
<b>EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	423,713	12,216	435,929	407,251	28,678
Kindergarten	316,382	-	316,382	312,054	4,328
Grades 1-5	2,161,716	9,117	2,170,833	2,049,199	121,634
Grades 6-8	1,962,230	36,133	1,998,363	1,846,493	151,870
Regular Programs - Undistributed Instruction		-			
Other Salaries for Instruction	102,040	(91,880)	10,160	465	9,695
Purchased Professional - Educational Services	89,504	(27,428)	62,076	30,691	31,385
Purchased Technical Services	244,046	(53,158)	190,888	124,857	66,031
Other Purchased Services	123,793	-	123,793	64,057	59,736
General Supplies	135,287	1,012	136,299	74,193	62,106
Textbooks	717	2,007	2,724	1,618	1,106
Other Objects	26,928	(3,017)	23,911	-	23,911
Total Regular Programs - Instruction	5,586,356	(114,998)	5,471,358	4,910,878	560,480
Special Education Instruction					
Learning and Language Disabilities					
Salaries of Teachers	177,937	700	178,637	178,637	-
Other Salaries for Instruction	46,020	(700)	45,320	30,712	14,608
Total Learning and Language Disabilities	223,957	-	223,957	209,349	14,608

**TOTOWA BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 361,259	\$ -	\$ 361,259	\$ 173,332	\$ 187,927
Other Salaries for Instruction	483,210	-	483,210	175,132	308,078
Total Multiple Disabilities	844,469	-	844,469	348,464	496,005
Resource Room/Resource Center					
Salaries of Teachers	382,031	-	382,031	308,194	73,837
Other Salaries for Instruction	46,020	(1,468)	44,552	-	44,552
Total Resource Room/Resource Center	428,051	(1,468)	426,583	308,194	118,389
Preschool Disabilities-Full-Time					
Salaries of Teachers	92,844	700	93,544	93,544	-
Other Salaries for Instruction	230,100	768	230,868	132,191	98,677
Total Preschool Disability Full Time	322,944	1,468	324,412	225,735	98,677
Total Special Education Instruction	1,819,421	-	1,819,421	1,091,742	727,679
Basic Skills/Remedial - Instruction					
Salaries of Teachers	549,962	-	549,962	422,807	127,155
Total Basic Skills/Remedial - Instruction	549,962	-	549,962	422,807	127,155
School Sponsored Co/Extra Curricular Activities					
Salaries	2,122	-	2,122	-	2,122
Other Objects	5,306	-	5,306	-	5,306
Total School Sponsored Co/Extra Curricular Activities	7,428	-	7,428	-	7,428
Instructional Alternative ED Program					
Salaries of Reading Specialists	94,725	-	94,725	-	94,725
Total Instructional Alternative Ed Program	94,725	-	94,725	-	94,725
Total Instruction	8,057,892	(114,998)	7,942,894	6,425,427	1,517,467
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Regular	25,000	-	25,000	-	25,000
Tuition to Other LEAs Within the State - Special	129,100	-	129,100	17,650	111,450
Tuition to Priv. Sch. for the Disabled Within State	970,042	(5,499)	964,543	264,239	700,304
Total Undistributed Expenditures - Instruction	1,124,142	(5,499)	1,118,643	281,889	836,754



**TOTOWA BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 166,968	\$ -	\$ 166,968	\$ 161,460	\$ 5,508
Purchased Professional and Technical Svcs.	15,266	-	15,266	7,590	7,676
Supplies and Materials	6,888	-	6,888	1,257	5,631
Total Health Services	189,122	-	189,122	170,307	18,815
Speech, OT, PT and Related Services					
Salaries	656,754	(28,003)	628,751	418,715	210,036
Purchased Professional Educational Services	169,648	28,003	197,651	67,746	129,905
Total Speech, OT, PT and Related Services	826,402	-	826,402	486,461	339,941
Guidance					
Salaries of Other Professional Staff	200,234	-	200,234	75,175	125,059
Purchased Professional - Educational Services	69,135	-	69,135		69,135
Other Purchased Prof. and Tech. Services	21,536	-	21,536	3,964	17,572
Supplies and Materials	21,148	-	21,148	1,573	19,575
Other Objects	906	-	906	129	777
Total Guidance	312,959	-	312,959	80,841	232,118
Child Study Teams					
Salaries of Other Professional Staff	371,409	1,343	372,752	242,566	130,186
Salaries of Secretarial and Clerical Assistants	64,188	-	64,188	64,188	-
Other Salaries	97,631	-	97,631	56,442	41,189
Other Purchased Professional and Tech. Services	22,536	(1,343)	21,193		21,193
Supplies and Materials	6,710	-	6,710	1,601	5,109
Other Objects	4,422	-	4,422	2,282	2,140
Total Child Study Teams	566,896	-	566,896	367,079	199,817
Improvement of Instructional Services					
Salaries of Secretarial & Clerical Assistants	26,265	-	26,265	25,750	515
Other Salaries	78,030	-	78,030	49,750	28,280
Total Improvement of Instructional Services	104,295	-	104,295	75,500	28,795

**TOTOWA BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 264,046	-	\$ 264,046	\$ 155,356	\$ 108,690
Supplies and Materials	26,752	-	26,752	4,489	22,263
Total Educational Media Serv./School Library	290,798	-	290,798	159,845	130,953
Instructional Staff Training Services					
Other Purchased Prof. and Tech. Services	195,100	\$ -	195,100		195,100
Other Purchased Services	20,400	-	20,400	5,000	15,400
Total Instructional Staff Training Services	215,500	-	215,500	5,000	210,500
Support Services General Administration					
Salaries	238,997	3,485	242,482	242,482	-
Legal Services	55,712	(13,898)	41,814	24,599	17,215
Audit Fees	32,486	-	32,486	29,500	2,986
Other Purchased Professional Services	25,500	44,091	69,591	42,173	27,418
Communications/Telephone	46,960	-	46,960	34,639	12,321
Miscellaneous Purchased Services	35,972	6,321	42,293	33,925	8,368
General Supplies	20,400	(750)	19,650	6,359	13,291
BOE In-House Training/Meeting Supplies	7,577	-	7,577	1,597	5,980
Miscellaneous Expenditures	17,140	749	17,889	16,278	1,611
Total Support Services General Administration	480,744	39,998	520,742	431,552	89,190
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	473,790	4,560	478,350	478,200	150
Salaries of Secretarial and Clerical Assistants	318,820	1,456	320,276	320,276	-
Purchased Professional and Technical Svcs.	16,980	(4,656)	12,324	9,942	2,382
Supplies and Materials	11,674	50,000	61,674		61,674
Other Objects	27,592	23,640	51,232	19,210	32,022
Total Support Services School Administration	848,856	75,000	923,856	827,628	96,228
Central Services					
Salaries	399,957	1,156	401,113	401,113	-
Purchased Professional Services	26,815	-	26,815	26,315	500
Misc. Purchased Services	1,280	(306)	974	738	236
Supplies and Materials	5,974	(850)	5,124	5,124	-
Miscellaneous Expenditures	1,623	-	1,623	1,500	123
Total Central Services	435,649	-	435,649	434,790	859

**TOTOWA BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>Original Budget</b>	<b>Adjustments/ Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final To Actual</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Admin. Info. Tech.					
Salaries	\$ 12,989	-	\$ 12,989	\$ 9,444	\$ 3,545
Other Objects	2,478	-	2,478	-	2,478
Total Admin. Info. Tech	15,467	-	15,467	9,444	6,023
Required Maintenance For School Facilities					
Salaries	66,300	-	66,300	64,443	1,857
Cleaning, Repair and Maintenance Services	447,992	-	447,992	131,132	316,860
General Supplies	137,700	-	137,700	83,517	54,183
Other Objects	29,395	-	29,395	2,940	26,455
Total Required Maint. For School Facilities	681,387	-	681,387	282,032	399,355
Custodial Services					
Salaries	816,207	-	816,207	527,362	288,845
Cleaning, Repair and Maintenance Services	65,524	-	65,524	39,781	25,743
Other Purchased Property Services	23,771	-	23,771	23,771	-
Insurance	112,000	-	112,000	110,739	1,261
General Supplies	69,620	(6,089)	63,531	12,985	50,546
Energy (Natural Gas)	112,883	6,878	119,761	119,761	-
Energy (Electricity)	191,434	(789)	190,645	110,916	79,729
Other Objects	11,881	-	11,881	5,338	6,543
Total Custodial Services	1,403,320	-	1,403,320	950,653	452,667
Security Services					
Salaries	64,947	(23,144)	41,803		41,803
Purchased Professional & Technical Services	169,793	23,144	192,937	192,937	-
Total Security Services	234,740	-	234,740	192,937	41,803
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & School) - Reg.	37,142	-	37,142	19,753	17,389
Contracted Services - Aid in Lieu Payments - Nonpublic	115,000	-	115,000	83,220	31,780
Contracted Services (Between Home and School) - Vendors	320,909	(3,480)	317,429	307,800	9,629
Contracted Services (Other than Between Home and School - Vendors	10,581	(960)	9,621	9,556	65
Contracted Services - (Spl. Ed. Students) - Joint Agreements	961,861	4,440	966,301	308,645	657,656
Total Student Transportation Services	1,445,493	-	1,445,493	728,974	716,519

**TOTOWA BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<b>EXPENDITURES</b>	<b>Original Budget</b>	<b>Adjustments/ Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final To Actual</b>
<b>CURRENT EXPENDITURES (Continued)</b>					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 202,243	-	\$ 202,243	\$ 194,974	\$ 7,269
TPAF Contributions - ERIP	188,467	-	188,467	22,023	166,444
Other Retirement Contributions - PERS	366,000	-	366,000	295,882	70,118
Other Retirement Contributions - DCRP	27,050	-	27,050	24,395	2,655
Unemployment Compensation	104,040	-	104,040		104,040
Workmen's Compensation	250,000	-	250,000	79,810	170,190
Health Benefits	3,236,994	(1,725)	3,235,269	2,427,612	807,657
Tuition Reimbursement	10,000	-	10,000	6,295	3,705
Other Employee Benefits	18,600	1,725	20,325	20,325	-
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>4,403,394</b>	<b>-</b>	<b>4,403,394</b>	<b>3,071,316</b>	<b>1,332,078</b>
On-behalf TPAF Pension Payments					
(Non-Budget) - Pension				2,477,453	(2,477,453)
On-behalf TPAF Pension Payments					
(Non-Budget) - NCGI Premium				28,254	(28,254)
On-behalf TPAF Pension Payments					
(Non-Budget) - Post Retirement Medical Contr.				681,962	(681,962)
On-behalf TPAF Pension Payments					
(Non-Budget) - Long-Term Disability Ins.				780	(780)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	511,969	(511,969)
<b>Total On-Behalf Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,700,418</b>	<b>(3,700,418)</b>
<b>Total Undistributed Expenditures</b>	<b>13,579,164</b>	<b>109,499</b>	<b>13,688,663</b>	<b>12,256,666</b>	<b>1,431,997</b>
<b>Total Expenditures - Current Expenditures</b>	<b>21,637,056</b>	<b>(5,499)</b>	<b>21,631,557</b>	<b>18,682,093</b>	<b>2,949,464</b>
<b>CAPITAL OUTLAY</b>					
Equipment					
School Administration	9,400	-	9,400		9,400
Custodial Services	25,800	-	25,800	-	25,800
<b>Total Equipment</b>	<b>35,200</b>	<b>-</b>	<b>35,200</b>	<b>-</b>	<b>35,200</b>
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services	69,000	-	69,000		69,000
Construction Services	1,541,871	-	1,541,871	297,918	1,243,953
Assessment for Debt Service on SDA Funding	38,436	-	38,436	38,436	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>1,649,307</b>	<b>-</b>	<b>1,649,307</b>	<b>336,354</b>	<b>1,312,953</b>
Increase in Capital Reserve	-	-	-	-	-
Interest Deposit to Capital Reserve	-	-	-	-	-
<b>Total Capital Outlay</b>	<b>1,684,507</b>	<b>-</b>	<b>1,684,507</b>	<b>336,354</b>	<b>1,348,153</b>
Transfer to Charter School	235,640	5,499	241,139	45,580	195,559
<b>Total Expenditures</b>	<b>23,557,203</b>	<b>-</b>	<b>23,557,203</b>	<b>19,064,027</b>	<b>4,493,176</b>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(5,020,187)	-	(5,020,187)	4,783,229	9,803,416
Other Financing Sources (Uses)					
Operating Transfer In	-	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TOTOWA BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	\$ (5,020,187)	\$ -	\$ (5,020,187)	\$ 4,783,229	\$ 9,803,416
Fund Balance, Beginning of Year	<u>20,320,232</u>	<u>-</u>	<u>20,320,232</u>	<u>20,320,232</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 15,300,045</u>	<u>\$ -</u>	<u>\$ 15,300,045</u>	<u>\$ 25,103,461</u>	<u>\$ 9,803,416</u>

**Recapitulation of Fund Balance**

Restricted	
Capital Reserve	\$ 10,422,493
Excess Surplus	7,419,506
Excess Surplus - Designated in Subsequent Year's Budget	6,725,546
Unemployment Compensation	108,869
Unassigned	<u>427,047</u>
	25,103,461
Reconciliation to Governmental Funds Statements (GAAP):	
Less: State Aid Payments Not Recognized on GAAP Basis	<u>(198,790)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 24,904,671</u>

**TOTOWA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 122,981	\$ 91,354	\$ 214,335	\$ 187,145	\$ (27,190)
Federal	928,649	162,387	1,091,036	1,020,620	(70,416)
Local Sources	-	-	-	120,005	120,005
Total Revenues	<u>1,051,630</u>	<u>253,741</u>	<u>1,305,371</u>	<u>1,327,770</u>	<u>22,399</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	267,488	30,580	298,068	285,961	12,107
Tuition	169,346	52,880	222,226	222,226	-
Other Purchased Services	55,102	4,524	59,626	59,626	-
General Supplies	156,155	6,188	162,343	160,010	2,333
Textbooks	9,398	(148)	9,250	8,624	626
Student Activities (Nonbudget)	-	-	-	84,939	(84,939)
Total Instruction	<u>657,489</u>	<u>94,024</u>	<u>751,513</u>	<u>821,386</u>	<u>(69,873)</u>
Support Services					
Salaries	25,059	5,100	30,159	25,059	5,100
Personal Services-Employee Benefits	137,380	16,742	154,122	154,122	-
Purchased Prof./Ed. Services	125,107	109,970	235,077	200,834	34,243
Other Purchased Services	11,126	-	11,126	-	11,126
Miscellaneous Purchased Services	66,277	4,962	71,239	63,416	7,823
Supplies and Materials	29,192	3,608	32,800	8,552	24,248
Total Support Services	<u>394,141</u>	<u>140,382</u>	<u>534,523</u>	<u>451,983</u>	<u>82,540</u>
Facilities and Acquisition Construction Svcs.					
Construction Services	-	19,335	19,335	19,335	-
Total Expenditures	<u>1,051,630</u>	<u>253,741</u>	<u>1,305,371</u>	<u>1,292,704</u>	<u>12,667</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	35,066	35,066
Fund Balances, Beginning of Year	<u>158,814</u>	<u>-</u>	<u>158,814</u>	<u>158,814</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 158,814</u>	<u>\$ -</u>	<u>\$ 158,814</u>	<u>\$ 193,880</u>	<u>\$ 35,066</u>
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 193,880</u>	

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

**TOTOWA BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 23,847,256	(C-2) \$ 1,327,770
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Current Year		
State Aid payment not recognized for budgetary purposes, recognized for GAAP statements - Prior Year	193,740	
State Aid payment and extraordinary aid recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(198,790)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>23,842,206</u>	\$ <u>1,327,770</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>19,064,027</u>	(C-2) \$ <u>1,292,704</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>19,064,027</u>	\$ <u>1,292,704</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

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

**Public Employees Retirement System**

**Last Ten Fiscal Years\***

	<u>2024</u>	<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>
District's Proportion of the Net Position Liability (Asset)	0.02214%	0.02416%	0.02193%	0.02345%	0.02428%	0.02423%	0.02370%	0.02124%	0.02283%	0.02100%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,206,568	\$ 3,645,823	\$ 2,598,870	\$ 3,823,379	\$ 4,375,964	\$ 4,770,366	\$ 5,516,147	\$ 6,293,075	\$ 5,126,424	\$ 3,931,843
District's Covered-Employee Payroll	\$ 1,621,007	\$ 1,738,363	\$ 1,733,427	\$ 1,764,024	\$ 1,735,865	\$ 1,707,445	\$ 1,680,287	\$ 1,619,960	\$ 1,494,545	\$ 1,490,126
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	197.81%	209.73%	149.93%	216.74%	252.09%	279.39%	328.29%	388.47%	343.01%	263.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%

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

**TOTOWA BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Ten Fiscal Years**

	<u>2024</u>	<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>
Contractually Required Contribution	\$ 295,882	\$ 304,648	\$ 256,918	\$ 256,484	\$ 236,231	\$ 240,990	\$ 219,522	\$ 188,765	\$ 196,336	\$ 180,156
Contributions in Relation to the Contractually Required Contribution	<u>295,882</u>	<u>304,648</u>	<u>256,918</u>	<u>256,484</u>	<u>236,231</u>	<u>240,990</u>	<u>219,522</u>	<u>188,765</u>	<u>196,336</u>	<u>180,156</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,628,908	\$ 1,621,007	\$ 1,738,363	\$ 1,733,427	\$ 1,764,024	\$ 1,735,865	\$ 1,707,445	\$ 1,680,287	\$ 1,619,960	\$ 1,494,545
Contributions as a Percentage of Covered-Employee Payroll	18.15%	18.78%	14.77%	14.79%	13.38%	13.87%	12.85%	11.22%	12.11%	12.04%

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

**Teachers Pension and Annuity Fund**

**Last Ten Fiscal Years\***

	<u>2024</u>	<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>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$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>\$ 29,843,665</u>	<u>\$ 31,269,759</u>	<u>\$ 27,957,391</u>	<u>\$ 38,423,903</u>	<u>\$ 39,067,535</u>	<u>\$ 40,561,924</u>	<u>\$ 47,331,817</u>	<u>\$ 52,964,633</u>	<u>\$ 42,074,874</u>	<u>\$ 35,984,913</u>
Total	<u>\$ 29,843,665</u>	<u>\$ 31,269,759</u>	<u>\$ 27,957,391</u>	<u>\$ 38,423,903</u>	<u>\$ 39,067,535</u>	<u>\$ 40,561,924</u>	<u>\$ 47,331,817</u>	<u>\$ 52,964,633</u>	<u>\$ 42,074,874</u>	<u>\$ 35,984,913</u>
District's Covered-Employee Payroll	\$ 6,961,368	\$ 6,846,499	\$ 6,846,499	\$ 6,755,974	\$ 6,510,845	\$ 6,240,719	\$ 6,583,720	\$ 6,414,786	\$ 7,027,176	\$ 6,566,592
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.74%	33.64%

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

**TOTOWA BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Change of Benefit Terms:** None.

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

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

**Postemployment Health Benefit Plan**

**Last Seven Fiscal Years\***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>							
Service Cost	\$ 1,200,458	\$ 1,534,735	\$ 1,829,271	\$ 995,994	\$ 989,794	\$ 1,112,205	\$ 1,320,216
Interest on Total OPEB Liability	1,062,156	760,834	854,447	830,405	1,052,856	1,148,107	997,819
Changes of Benefit Terms	-	-	(35,059)				
Differences Between Expected and Actual Experience	(73,379)	1,906,985	(6,551,032)	6,379,268	(5,212,236)	(3,269,243)	
Changes of Assumptions	60,788	(7,701,587)	32,496	6,842,492	343,578	(3,047,401)	(4,134,865)
Gross Benefit Payments	(827,968)	(753,629)	(673,065)	(652,132)	(707,361)	(710,090)	(873,399)
Contribution from the Member	27,219	24,177	21,844	19,766	20,968	24,542	32,161
<b>Net Change in Total OPEB Liability</b>	<u>1,449,274</u>	<u>(4,228,485)</u>	<u>(4,521,098)</u>	<u>14,415,793</u>	<u>(3,512,401)</u>	<u>(4,741,880)</u>	<u>(2,658,068)</u>
<b>Total OPEB Liability - Beginning</b>	<u>28,709,524</u>	<u>32,938,009</u>	<u>37,459,107</u>	<u>23,043,314</u>	<u>26,555,715</u>	<u>31,297,595</u>	<u>33,955,663</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 30,158,798</u>	<u>\$ 28,709,524</u>	<u>\$ 32,938,009</u>	<u>\$ 37,459,107</u>	<u>\$ 23,043,314</u>	<u>\$ 26,555,715</u>	<u>\$ 31,297,595</u>
 District's Proportionate Share of OPEB Liability	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -
State's Proportionate Share of OPEB Liability	<u>30,158,798</u>	<u>28,709,524</u>	<u>32,938,009</u>	<u>37,459,107</u>	<u>23,043,314</u>	<u>26,555,715</u>	<u>31,297,595</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 30,158,798</u>	<u>\$ 28,709,524</u>	<u>\$ 32,938,009</u>	<u>\$ 37,459,107</u>	<u>\$ 23,043,314</u>	<u>\$ 26,555,715</u>	<u>\$ 31,297,595</u>
 District's Covered-Employee Payroll	 <u>\$ 8,582,375</u>	 <u>\$ 8,584,862</u>	 <u>\$ 8,579,926</u>	 <u>\$ 8,519,998</u>	 <u>\$ 8,246,710</u>	 <u>\$ 7,948,164</u>	 <u>\$ 8,264,007</u>
 District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	 0%	 0%	 0%	 0%	 0%	 0%	 0%

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

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

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

**TOTOWA BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

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

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**



**SPECIAL REVENUE FUND**

TOTOWA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	ESSA			IDEA Part B			CRRSA ESSER II			ARP ESSER III					Page 1
	Title I	Title II-A	Title III	Basic	Preschool	NJ High Impact Tutoring Grant	ESSER II	Learning Acceleration	Mental Health	ARP ESSER	Accelerated Learning Coach	Evidence Based Summer Learning	Evidence Based Comprehensive School Day	NJTSS Mental Health	Totals
<b>REVENUES</b>															
Intergovernmental															
Federal	\$ 178,255	\$ 40,525	\$ 2,052	\$ 281,626	\$ 9,580	\$ 49,193	\$ 52,151	\$ 7,450	\$ 4,501	\$ 329,556	\$ 36,336	\$ 13,405	\$ 1,129	\$ 14,861	\$ 1,020,620
State	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 178,255</u>	<u>\$ 40,525</u>	<u>\$ 2,052</u>	<u>\$ 281,626</u>	<u>\$ 9,580</u>	<u>\$ 49,193</u>	<u>\$ 52,151</u>	<u>\$ 7,450</u>	<u>\$ 4,501</u>	<u>\$ 329,556</u>	<u>\$ 36,336</u>	<u>\$ 13,405</u>	<u>\$ 1,129</u>	<u>\$ 14,861</u>	<u>\$ 1,020,620</u>
<b>EXPENDITURES</b>															
Instruction															
Salaries of Teachers	\$ 108,692	\$ 24,711			\$ 8,899	\$ 15,975				\$ 100,234		\$ 9,245		\$ 10,248	\$ 278,004
Tuition				\$ 222,226											222,226
General Supplies						5,486	\$ 9,000			140,000					154,486
Other Purchased Services						3,395	43,151	\$ 7,450	\$ 4,501				\$ 1,129		59,626
Student Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	<u>108,692</u>	<u>24,711</u>	<u>-</u>	<u>222,226</u>	<u>8,899</u>	<u>24,856</u>	<u>52,151</u>	<u>7,450</u>	<u>4,501</u>	<u>240,234</u>	<u>-</u>	<u>9,245</u>	<u>1,129</u>	<u>10,248</u>	<u>714,342</u>
Support Services															
Salaries										\$ 25,059					25,059
Personal Services - Employee Benefits	69,563	15,814			681	2,908				45,106	11,277	4,160	-	4,613	154,122
Purchased Prof./Ed. Services			2,052	59,400		21,429									82,881
Other Purchased Services	-	-	-	-	-	-	-	-	-						-
Miscellaneous Purchased Services	-	-	-	-	-	-	-	-	-	44,216					44,216
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	<u>69,563</u>	<u>15,814</u>	<u>2,052</u>	<u>59,400</u>	<u>681</u>	<u>24,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,322</u>	<u>36,336</u>	<u>4,160</u>	<u>-</u>	<u>4,613</u>	<u>306,278</u>
Facilities and Acquisition Construction Svcs.															
Construction Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 178,255</u>	<u>\$ 40,525</u>	<u>\$ 2,052</u>	<u>\$ 281,626</u>	<u>\$ 9,580</u>	<u>\$ 49,193</u>	<u>\$ 52,151</u>	<u>\$ 7,450</u>	<u>\$ 4,501</u>	<u>\$ 329,556</u>	<u>\$ 36,336</u>	<u>\$ 13,405</u>	<u>\$ 1,129</u>	<u>\$ 14,861</u>	<u>\$ 1,020,620</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of the Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, 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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOTOWA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Chapter 192		Chapter 193										
	SDA Grant	Comp. Education	Corrective Speech	Exam. & Classification	Supplemental Instruction	Nonpublic Nursing	Nonpublic Textbook	Nonpublic Security	Nonpublic Technology	Student Activities	Page 1 Totals	Grand Total	
REVENUES													
Intergovernmental													
Federal											\$ 1,020,620	\$ 1,020,620	
State	\$ 19,335	\$ 94,403	\$ 11,160	\$ 7,957	\$ 12,390	\$ 19,200	\$ 8,624	\$ 8,552	\$ 5,524		-	187,145	
Local Sources	-	-	-	-	-	-	-	-	-	\$ 120,005	-	120,005	
Total Revenues	\$ 19,335	\$ 94,403	\$ 11,160	\$ 7,957	\$ 12,390	\$ 19,200	\$ 8,624	\$ 8,552	\$ 5,524	\$ 120,005	\$ 1,020,620	\$ 1,327,770	
EXPENDITURES													
Instruction													
Salaries of Teachers				\$ 7,957							\$ 278,004	\$ 285,961	
Tuition											222,226	222,226	
General Supplies									\$ 5,524		154,486	160,010	
Other Purchased Services											59,626	59,626	
Textbooks							\$ 8,624				-	8,624	
Student Activities	-	-	-	-	-	-	-	-	-	\$ 84,939	-	84,939	
Total Instruction	-	-	-	7,957	-	-	8,624	-	5,524	84,939	714,342	821,386	
Support Services													
Salaries											25,059	25,059	
Personal Services - Employee Benefits											154,122	154,122	
Purchased Prof./Ed. Services		\$ 94,403	\$ 11,160		\$ 12,390						82,881	200,834	
Other Purchased Services											-	-	
Miscellaneous Purchased Services						\$ 19,200					44,216	63,416	
Supplies and Materials	-	-	-	-	-	-	-	\$ 8,552	-	-	-	8,552	
Total Support Services	-	94,403	11,160	-	12,390	19,200	-	8,552	-	-	306,278	451,983	
Facilities and Acquisition Construction Svcs.													
Construction Services	\$ 19,335	-	-	-	-	-	-	-	-	-	-	19,335	
Total Expenditures	\$ 19,335	\$ 94,403	\$ 11,160	\$ 7,957	\$ 12,390	\$ 19,200	\$ 8,624	\$ 8,552	\$ 5,524	\$ 84,939	\$ 1,020,620	\$ 1,292,704	
Excess (Deficiency) of Revenues													
Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	35,066	-	35,066	
Fund Balance, Beginning of the Year	-	-	-	-	-	-	-	-	-	158,814	-	158,814	
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,880	\$ -	\$ 193,880	

**CAPITAL PROJECTS FUND**

**NOT APPLICABLE**

**ENTERPRISE FUND**

**EXHIBIT G-1**

**TOTOWA BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2024**

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

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**FIDUCIARY FUNDS**

**NOT APPLICABLE**

## **LONG-TERM DEBT**



**TOTOWA BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOT APPLICABLE**

**TOTOWA BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF LEASES PAYABLE/FINANCING AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOT APPLICABLE**

**TOTOWA BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOT APPLICABLE**

## STATISTICAL SECTION

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

### **Contents**

### **Exhibits**

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

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

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

J-14 and J-15

#### **Operating Information**

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

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

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

	Fiscal Year Ended									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net Investment in Capital Assets	\$ 3,793,083	\$ 4,167,704	\$ 4,485,777	\$ 4,801,155	\$ 5,423,551	\$ 5,804,253	\$ 6,306,897	\$ 7,891,576	\$ 7,683,306	\$ 7,605,245
Restricted	5,687	5,767	5,767	6,124	6,738	2,007,403	4,106,038	6,087,374	8,166,830	10,531,362
Unrestricted	(2,502,811)	(2,242,805)	(1,736,407)	(85,496)	1,684,939	2,404,748	3,488,769	4,660,401	7,493,966	10,316,093
Total Governmental Activities Net Position	<u>\$ 1,295,959</u>	<u>\$ 1,930,666</u>	<u>\$ 2,755,137</u>	<u>\$ 4,721,783</u>	<u>\$ 7,115,228</u>	<u>\$ 10,216,404</u>	<u>\$ 13,901,704</u>	<u>\$ 18,639,351</u>	<u>\$ 23,344,102</u>	<u>\$ 28,452,700</u>
Business-Type Activities										
Net Investment in Capital Assets										
Restricted										
Unrestricted	\$ 110,636	\$ 115,354	\$ 139,795	\$ 169,434	\$ 118,940	\$ 125,348	\$ 156,414	\$ 316,703	\$ 263,960	\$ 123,271
Total Business-Type Activities Net Position	<u>\$ 110,636</u>	<u>\$ 115,354</u>	<u>\$ 139,795</u>	<u>\$ 169,434</u>	<u>\$ 118,940</u>	<u>\$ 125,348</u>	<u>\$ 156,414</u>	<u>\$ 316,703</u>	<u>\$ 263,960</u>	<u>\$ 123,271</u>
District-Wide										
Net Investment in Capital Assets	\$ 3,793,083	\$ 4,167,704	\$ 4,485,777	\$ 4,801,155	\$ 5,423,551	\$ 5,804,253	\$ 6,306,897	\$ 7,891,576	\$ 7,683,306	\$ 7,605,245
Restricted	5,687	5,767	5,767	6,124	6,738	2,007,403	4,106,038	6,087,374	8,166,830	10,531,362
Unrestricted	(2,392,175)	(2,127,451)	(1,596,612)	83,938	1,803,879	2,530,096	3,645,183	4,977,104	7,757,926	10,439,364
Total District Net Position	<u>\$ 1,406,595</u>	<u>\$ 2,046,020</u>	<u>\$ 2,894,932</u>	<u>\$ 4,891,217</u>	<u>\$ 7,234,168</u>	<u>\$ 10,341,752</u>	<u>\$ 14,058,118</u>	<u>\$ 18,956,054</u>	<u>\$ 23,608,062</u>	<u>\$ 28,575,971</u>

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

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

	Fiscal Year Ended									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ 8,621,057	\$ 9,168,993	\$ 10,335,689	\$ 10,708,770	\$ 9,149,053	\$ 8,773,519	\$ 9,286,306	\$ 8,686,585	\$ 8,566,064	\$ 8,293,666
Special Education	2,396,063	2,182,867	2,500,203	2,048,870	1,979,547	1,660,789	1,567,033	1,883,096	1,839,938	2,131,834
Other Instruction	309,226	514,346	217,306	162,033	691,041	633,974	680,308	731,897	603,629	655,944
School Sponsored Activities And Athletics	-	-	-	773	-	-	11,020	17,465	80,787	84,939
Support Services:										
Student & Instruction Related Services	2,998,736	3,022,167	3,417,267	3,336,817	3,053,476	2,699,219	2,933,701	2,191,048	2,162,388	2,437,675
General Administration	564,468	565,830	605,195	616,877	578,068	604,118	636,704	541,655	502,345	581,063
School Administrative Services	930,742	943,181	1,001,594	1,065,105	1,150,795	1,154,285	1,275,294	1,114,549	1,169,735	1,207,702
Other Support Services	459,313	518,059	551,810	623,749	592,734	575,625	604,648	531,949	539,729	571,830
Plant Operations And Maintenance	1,736,065	1,841,354	2,007,867	2,138,460	2,033,351	1,971,183	2,163,808	1,996,991	1,688,777	1,641,023
Pupil Transportation	471,983	514,332	526,669	496,463	480,467	408,969	495,641	630,371	679,189	735,244
Interest On Long-Term Debt	108,632	99,770	90,617	81,202	69,244	50,445	30,901	10,460	-	-
Total Governmental Activities Expenses	18,596,285	19,370,899	21,254,217	21,279,119	19,777,776	18,532,126	19,685,364	18,336,066	17,832,581	18,340,920
Business-Type Activities:										
Food Service	410,104	430,241	453,086	463,240	534,960	329,168	344,414	558,039	668,179	729,730
Total Business-Type Activities Expense	410,104	430,241	453,086	463,240	534,960	329,168	344,414	558,039	668,179	729,730
Total District Expenses	\$ 19,006,389	\$ 19,801,140	\$ 21,707,303	\$ 21,742,359	\$ 20,312,736	\$ 18,861,294	\$ 20,029,778	\$ 18,894,105	\$ 18,500,760	\$ 19,070,650
<b>Program Revenues</b>										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 245,546	\$ 249,491	\$ 289,742	\$ 297,706	\$ 442,202	\$ 319,356	\$ 219,278	\$ 295,151	\$ 312,542	\$ 301,659
Operating Grants And Contributions	2,373,347	4,289,058	4,956,830	6,326,172	6,948,968	5,529,866	4,720,617	5,239,583	4,725,169	4,580,012
Capital Grants And Contributions	55,400	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	2,674,293	4,538,549	5,246,572	6,623,878	7,391,170	5,849,222	4,939,895	5,534,734	5,037,711	4,881,671
Business-Type Activities:										
Charges For Services										
Food Service	\$ 277,756	\$ 260,744	\$ 283,479	\$ 314,176	\$ 325,192	\$ 326,347	\$ 222,772	\$ 120,361	\$ 377,212	\$ 388,872
Operating Grants And Contributions	142,198	144,512	151,226	162,906	165,817	154,904	111,108	597,742	227,048	200,169
Total Business Type Activities Program Revenues	419,954	405,256	434,705	477,082	491,009	481,251	333,880	718,103	604,260	589,041
Total District Program Revenues	\$ 3,094,247	\$ 4,943,805	\$ 5,681,277	\$ 7,100,960	\$ 7,882,179	\$ 6,330,473	\$ 5,273,775	\$ 6,252,837	\$ 5,641,971	\$ 5,470,712

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

	Fiscal Year Ended									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (15,921,992)	\$ (14,832,350)	\$ (16,007,645)	\$ (14,655,241)	\$ (12,386,606)	\$ (12,682,904)	\$ (14,745,469)	\$ (12,801,332)	\$ (12,794,870)	\$ (13,459,249)
Business-Type Activities	9,850	(24,985)	(18,381)	13,842	(43,951)	152,083	(10,534)	160,064	(63,919)	(140,689)
<b>Total District-Wide Net Expense</b>	<b>\$ (15,912,142)</b>	<b>\$ (14,857,335)</b>	<b>\$ (16,026,026)</b>	<b>\$ (14,641,399)</b>	<b>\$ (12,430,557)</b>	<b>\$ (12,530,821)</b>	<b>\$ (14,756,003)</b>	<b>\$ (12,641,268)</b>	<b>\$ (12,858,789)</b>	<b>\$ (13,599,938)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 13,046,927	\$ 13,307,866	\$ 13,996,370	\$ 14,546,578	\$ 14,975,218	\$ 15,416,258	\$ 15,810,337	\$ 16,449,075	\$ 16,828,739	\$ 17,216,286
Taxes Levied For Debt Service	728,724	707,837	722,700	725,750	723,200	720,200	725,600	733,200	-	-
Investment Earnings	15,145	10,994	9,879	17,787	68,427	146,987	121,632	18,306	636,428	1,179,510
Federal and State Aid - Unrestricted	-	20,320	19,382	30,485	27,776	4,550	-	262,845	-	-
State Aid Restricted for Debt Service	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	20,343	13,232	10,703	134,210	59,974	34,004	35,838	75,553	34,454	172,051
Accrued Interest on Bonds	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>13,811,139</b>	<b>14,060,249</b>	<b>14,759,034</b>	<b>15,454,810</b>	<b>15,854,595</b>	<b>16,321,999</b>	<b>16,693,407</b>	<b>17,538,979</b>	<b>17,499,621</b>	<b>18,567,847</b>
Business-Type Activities:										
Investment Earnings	248	257	254	445	1,870	3,215	1,696	225	11,176	-
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>248</b>	<b>257</b>	<b>254</b>	<b>445</b>	<b>1,870</b>	<b>3,215</b>	<b>1,696</b>	<b>225</b>	<b>11,176</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 13,811,387</b>	<b>\$ 14,060,506</b>	<b>\$ 14,759,288</b>	<b>\$ 15,455,255</b>	<b>\$ 15,856,465</b>	<b>\$ 16,325,214</b>	<b>\$ 16,695,103</b>	<b>\$ 17,539,204</b>	<b>\$ 17,510,797</b>	<b>\$ 18,567,847</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (2,110,853)	\$ (772,101)	\$ (1,248,611)	\$ 799,569	\$ 3,467,989	\$ 3,639,095	\$ 1,947,938	\$ 4,737,647	\$ 4,704,751	\$ 5,108,598
Business-Type Activities	10,098	(24,728)	(18,127)	14,287	(42,081)	155,298	(8,838)	160,289	(52,743)	(140,689)
	(2,100,755)	(796,829)	(1,266,738)	813,856	3,425,908	3,794,393	1,939,100	4,897,936	4,652,008	4,967,909
<b>Transfer Out</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Net Position</b>										
Governmental Activities	\$ (2,110,853)	\$ (772,101)	\$ (1,248,611)	\$ 799,569	\$ 3,467,989	\$ 3,639,095	\$ 1,947,938	\$ 4,737,647	\$ 4,704,751	\$ 5,108,598
Business-Type Activities	10,098	(24,728)	(18,127)	14,287	(42,081)	155,298	(8,838)	160,289	(52,743)	(140,689)
<b>Total District</b>	<b>\$ (2,100,755)</b>	<b>\$ (796,829)</b>	<b>\$ (1,266,738)</b>	<b>\$ 813,856</b>	<b>\$ 3,425,908</b>	<b>\$ 3,794,393</b>	<b>\$ 1,939,100</b>	<b>\$ 4,897,936</b>	<b>\$ 4,652,008</b>	<b>\$ 4,967,909</b>

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

	Fiscal Year Ended									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted	\$ 2,371,990	\$ 2,739,805	\$ 3,580,215	\$ 5,310,412	\$ 7,124,456	\$ 10,065,331	\$ 12,740,968	\$ 14,933,268	\$ 19,339,099	\$ 24,676,414
Committed										
Assigned	111,499	162,500	182,158	350,789	247,040	44,806			573,464	-
Unassigned	<u>302,136</u>	<u>348,245</u>	<u>287,057</u>	<u>233,986</u>	<u>265,066</u>	<u>218,546</u>	<u>512,327</u>	<u>816,716</u>	<u>213,929</u>	<u>228,257</u>
Total General Fund	<u>\$ 2,785,625</u>	<u>\$ 3,250,550</u>	<u>\$ 4,049,430</u>	<u>\$ 5,895,187</u>	<u>\$ 7,636,562</u>	<u>\$ 10,328,683</u>	<u>\$ 13,253,295</u>	<u>\$ 15,749,984</u>	<u>\$ 20,126,492</u>	<u>\$ 24,904,671</u>
All Other Governmental Funds										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,009	\$ 134,432	\$ 158,814	\$ 193,880
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,009</u>	<u>\$ 134,432</u>	<u>\$ 158,814</u>	<u>\$ 193,880</u>



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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues</b>										
Tax Levy	\$ 14,015,703	\$ 14,719,070	\$ 15,272,328	\$ 15,698,418	\$ 16,136,458	\$ 16,535,937	\$ 16,846,344	\$ 17,182,275	\$ 16,828,739	\$ 17,216,286
Tuition Charges	249,491	289,742	297,706	442,202	319,356	219,278	129,160	295,151	312,542	301,659
Interest Earnings	10,994	9,879	17,787	68,427	146,987	121,632	7,059	18,306	636,428	1,179,510
Miscellaneous	13,232	10,703	134,210	59,974	34,004	35,838	49,060	119,441	139,246	292,056
State Sources	2,462,904	2,425,229	2,750,591	2,895,975	3,380,070	3,595,088	3,749,476	5,038,379	4,885,459	5,112,965
Federal Sources	278,048	520,988	416,130	500,135	519,087	237,227	690,333	1,201,711	1,202,290	1,067,500
<b>Total Revenue</b>	<b>17,030,372</b>	<b>17,975,611</b>	<b>18,888,752</b>	<b>19,665,131</b>	<b>20,535,962</b>	<b>20,745,000</b>	<b>21,471,432</b>	<b>23,855,263</b>	<b>24,004,704</b>	<b>25,169,976</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	7,294,863	7,477,460	7,771,056	8,117,128	7,970,137	7,854,479	8,003,075	9,064,961	9,280,502	9,123,641
Special Education Instruction	2,299,097	2,050,758	2,284,131	1,782,556	1,859,526	1,591,975	1,456,977	2,013,865	2,021,540	2,364,892
Other Instruction	267,071	426,454	165,252	123,298	609,815	584,263	601,525	802,389	686,937	756,499
School Sponsored Activities and Athletics	-	-	-	680	-	-	11,019	17,465	80,410	84,939
Support Services:										
Student and Inst. Related Services	2,753,874	2,653,200	2,782,525	2,690,454	2,758,440	2,529,852	2,645,719	2,339,044	2,385,854	2,682,159
General Administration	530,967	524,863	547,874	540,515	535,283	573,170	582,333	536,225	521,521	588,304
School Administrative Services	837,253	817,145	808,004	850,713	1,035,423	1,084,021	1,145,532	1,204,785	1,328,543	1,360,822
Plant Operations And Maintenance	1,760,685	1,803,898	1,900,429	1,944,303	1,968,310	1,979,800	2,095,285	2,097,210	1,825,269	1,728,437
Pupil Transportation	474,324	513,853	524,751	492,277	479,389	409,335	494,673	633,002	682,540	738,612
Other Support Services	465,525	499,580	506,600	544,131	563,336	575,480	572,794	587,809	622,989	630,508
Capital Outlay	190,784	20,775	73,500	10,119	294,728	144,904	253,401	1,302,196	167,709	297,918
Debt Service:										
Principal	550,000	565,000	585,000	600,000	615,000	645,000	665,000	705,000	-	-
Interest and Other Charges	174,200	157,700	140,750	123,200	105,200	80,600	54,800	28,200	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>17,598,643</b>	<b>17,510,686</b>	<b>18,089,872</b>	<b>17,819,374</b>	<b>18,794,587</b>	<b>18,052,879</b>	<b>18,582,133</b>	<b>21,332,151</b>	<b>19,603,814</b>	<b>20,356,731</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(568,271)	464,925	798,880	1,845,757	1,741,375	2,692,121	2,889,299	2,523,112	4,400,890	4,813,245
<b>Other Financing Sources (Uses)</b>										
Serial Bond Proceeds										
Premium Interest on Bonds										
Payment to Refunded Bond Escrow Agent										
Cancellation of Unexpended SDA Grant										
Transfers In	48	48	76	70	-	-	-	-	-	-
Transfers Out	(48)	(48)	(76)	(70)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (568,271)</b>	<b>\$ 464,925</b>	<b>\$ 798,880</b>	<b>\$ 1,845,757</b>	<b>\$ 1,741,375</b>	<b>\$ 2,692,121</b>	<b>\$ 2,889,299</b>	<b>\$ 2,523,112</b>	<b>\$ 4,400,890</b>	<b>\$ 4,813,245</b>
Debt Service as a Percentage of Noncapital Expenditures	4.16%	4.13%	4.03%	4.06%	3.89%	4.05%	3.93%	3.66%	0.00%	0.00%

\* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30</u>	<u>Tuition</u>	<u>Interest on Deposits</u>	<u>Donation</u>	<u>Insurance Refund</u>	<u>Student Activities</u>	<u>Misc.</u>	<u>Total</u>
2024	\$ 301,659	\$ 1,179,510			\$ 120,005	\$ 172,051	\$ 1,773,225
2023	312,542	636,428			104,792	34,454	1,088,216
2022	295,151	18,306			43,888	75,553	432,898
2021	129,160	7,059			22,013	27,047	185,279
2020	219,278	121,632				35,838	376,748
2019	319,356	146,987				34,004	500,347
2018	442,202	68,427	\$ 46,680			13,294	570,603
2017	297,706	17,787	72,800	\$ 45,273		16,137	449,703
2016	289,742	9,831				10,703	310,276
2015	249,491	10,994				13,232	273,717

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2015	\$ 44,758,200	\$ 1,357,951,300	\$ 900,400	\$ 2,800	\$ 612,756,900	\$ 289,562,300	N/A	\$ 2,305,931,900	\$ 2,290,124	\$ 2,308,222,024	\$ 2,156,561,331	0.638
2016	44,294,000	1,357,290,700	900,400	2,800	602,952,000	288,411,200	N/A	2,293,851,100	2,246,233	2,296,097,333	2,216,310,167	0.665
2017	40,939,100	1,356,147,900	900,400	2,800	598,416,900	274,566,700	N/A	2,270,973,800	2,380,814	2,273,354,614	2,114,303,882	0.691
2018	41,158,100	1,360,295,200	900,400	2,800	546,783,500	325,748,700	\$ 356,700	2,275,245,400	-	2,275,245,400	2,118,280,793	0.710
2019	39,230,900	1,367,903,100	900,400	2,800	563,532,600	339,352,600	2,398,200	2,313,320,600	-	2,313,320,600	2,153,729,262	0.715
2020	64,653,500	1,368,634,500	900,400	2,400	589,859,500	366,153,400	6,242,400	2,396,446,100	-	2,396,446,100	2,231,120,101	0.703
2021	60,321,800	1,369,405,200	900,400	4,100	615,337,900	377,154,700	8,642,400	2,431,766,500	-	2,431,766,500	2,377,904,633	0.707
2022	43,862,000	1,370,625,800	900,400	4,200	649,604,400	382,633,600	21,899,500	2,469,529,900	-	2,469,529,900	2,299,161,996	0.682
2023	45,335,600	1,378,184,500	900,400	4,300	658,580,400	382,704,600	22,399,500	2,488,109,300	-	2,488,109,300	2,316,459,641	0.691
2024	44,988,100	1,380,213,400	900,400	4,300	652,350,200	382,814,000	23,510,000	2,484,780,400	-	2,484,780,400	2,313,360,395	0.707

Source: County Abstract of Ratables

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

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Regional School District</u>	<u>Municipality</u>	<u>County</u>
2024	\$ 2.711	\$ 0.707	\$ 0.537	\$ 0.639	\$ 0.828
2023	2.593	0.691	0.497	0.622	0.783
2022	2.438	0.682	0.430	0.593	0.733
2021	2.379	0.707	0.439	0.594	0.639
2020	2.422	0.703	0.457	0.584	0.678
2019	2.388	0.715	0.458	0.563	0.652
2018	2.383	0.710	0.438	0.553	0.682
2017	2.359	0.691	0.426	0.554	0.688
2016	2.349	0.665	0.418	0.543	0.723
2015	2.284	0.638	0.404	0.534	0.708

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

2024			2015		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
1000 Cloud Drive	82,373,100	3.31%			
701 - 703 Union Blvd.	64,573,900	2.60%			
545 Route #46	47,000,000	1.89%			
465 Route 46	44,739,400	1.80%			
700-710 Union Blvd.	41,377,100	1.66%			
50 Route 46	23,271,900	0.94%			
970 North Riverview Dr.	18,928,400	0.76%			
195-235 Route 46 West	18,500,000	0.74%			
100 Shepherds Lane	17,310,000	0.70%			
930 North Riverview Dr.	15,600,000	0.63%			
	<u>\$ 373,673,800</u>	<u>11.71%</u>			
			Totowa VF, LLC	\$ 56,501,300	2.41%
			Fidelity Syndications	46,000,000	1.96%
			930 N. Riverview Assoc LLC	24,424,700	1.04%
			Abill Realty	22,365,000	0.96%
			50 Madison Road LLC	18,928,400	0.81%
			Norwell Land Company	18,500,000	0.79%
			Totowa Plaza Rt 46 LLC	18,355,800	0.78%
			Totowa Plaza Rt 46 LLC	17,711,500	0.76%
			Taft Associates	16,920,000	0.72%
			Digital Totowa, LLC	16,504,800	0.72%
				<u>\$ 256,211,500</u>	<u>10.96%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of		Collections in Subsequent Years
		Amount	Percentage of Levy	
2015	\$ 13,775,651	\$ 13,775,651	100.00%	
2016	14,015,703	14,015,703	100.00%	
2017	14,719,070	14,719,070	100.00%	
2018	15,272,328	15,272,328	100.00%	
2019	15,698,418	15,698,418	100.00%	
2020	16,136,458	16,136,458	100.00%	
2021	16,535,937	16,535,937	100.00%	
2022	16,846,344	16,846,344	100.00%	
2023	16,828,739	16,828,739	100.00%	
2024	17,216,286	17,216,286	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Intergovernmental Loan	Capital Leases			
2015	\$ 4,380,000			-		\$ 4,380,000	10,808	\$ 405
2016	3,815,000			-		3,815,000	10,810	353
2017	3,230,000			-		3,230,000	10,817	299
2018	2,630,000			-		2,630,000	10,804	243
2019	2,015,000			-		2,015,000	10,792	187
2020	1,370,000			-		1,370,000	10,797	127
2021	705,000			-		705,000	10,917	65
2022	-			-		-	10,822	-
2023	-			-		-	10,785	-
2024	-			-		-	10,785 *	-

Source: District records

\* - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2015	\$ 4,380,000		\$ 4,380,000	0.19%	\$ 405
2016	3,815,000		3,815,000	0.17%	353
2017	3,230,000		3,230,000	0.14%	299
2018	2,630,000		2,630,000	0.12%	243
2019	2,015,000		2,015,000	0.09%	187
2020	1,370,000		1,370,000	0.06%	127
2021	705,000		705,000	0.03%	65
2022	-		-	0.00%	-
2023	-		-	0.00%	-
2024	-		-	0.00%	-

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.



**TOTOWA BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2023  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Regional School District	\$ 281,959	\$ 281,959	
Borough of Totowa	<u>574,978</u>	<u>-</u>	<u>\$ 574,978</u>
	<u>\$ 856,937</u>	<u>\$ 281,959</u>	<u>574,978</u>
Overlapping Debt Apportioned to the Municipality:			
Passaic County: (2) and (3)			
County of Passaic (A)			24,901,654
Passaic County Utilities Authority (B)			2,060,036
Passaic Valley Sewerage Commission (B)			<u>4,222,859</u>
			<u>31,184,549</u>
Total Direct and Overlapping Debt			<u>\$ 31,759,527</u>

(A) The debt for this entity was apportioned to the Borough of Totowa by dividing the Municipality's 2023 equalized value by the total 2023 equalized value for Passaic County.

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

Sources:

- (1) Borough of Totowa 2023 Annual Debt Statement
- (2) PCUA 2023 Audit
- (3) PVSC 2023 Audit

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

**Legal Debt Margin Calculation for Fiscal Year 2023**

	Equalized valuation basis	
2023	\$	4,052,156,550
2022		3,481,152,946
2021		2,821,729,520
	\$	<u>10,355,039,016</u>
Average equalized valuation of taxable property	\$	3,451,679,672
Debt limit (3 % of average equalization value)		103,550,390
Total Net Debt Applicable to Limit		-
Legal debt margin	\$	<u>103,550,390</u>

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 62,960,592	\$ 63,776,123	\$ 65,078,636	\$ 65,002,021	D \$ 64,027,858	\$ 66,427,432	\$ 68,358,007	\$ 75,291,436	\$ 86,347,362	\$ 103,550,390
Total Net Debt Applicable to Limit	4,380,000	3,815,000	3,230,000	2,630,000	T 2,015,000	1,370,000	705,000	-	-	-
Legal Debt Margin	<u>\$ 58,580,592</u>	<u>\$ 59,961,123</u>	<u>\$ 61,848,636</u>	<u>\$ 62,372,021</u>	<u># \$ 62,012,858</u>	<u>\$ 65,057,432</u>	<u>\$ 67,653,007</u>	<u>\$ 75,291,436</u>	<u>\$ 86,347,362</u>	<u>\$ 103,550,390</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.96%	5.98%	4.96%	4.05%	3.15%	2.06%	1.03%	0.00%	0.00%	0.00%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>School District Population</u>
2024	4.9%	N/A	10,785
2023	4.5%	\$ 57,067	10,822
2022	7.7%	59,559	10,917
2021	12.0%	55,775	10,797
2020	4.3%	52,129	10,792
2019	5.0%	50,570	10,804
2018	5.2%	48,152	10,817
2017	5.3%	47,547	10,810
2016	5.9%	46,840	10,808
2015	6.8%	45,053	10,797

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

N/A - Updated information not available

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

	2024		2015	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Employer				

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Instruction										
Regular	67	68	69	68	70	68	68	62	59	59
Special Education	13	17	16	8	6	7	7	12	12	12
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	11	13	14	15	15	14	13	13	13	13
General Administration	2	2	2	2	2	2	2	1	2	2
School Administrative Services	13	8	7	8	9	9	9	9	10	9
Other Administrative Services										
Central Services	4	4	4	4	4	4	4	4	4	5
Administrative Information Technology										
Plant Operations And Maintenance	17	17	17	18	18	16	18	16	14	14
Pupil Transportation										
Other Support Services										
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	<u>127</u>	<u>129</u>	<u>129</u>	<u>123</u>	<u>124</u>	<u>120</u>	<u>121</u>	<u>117</u>	<u>114</u>	<u>114</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2015	1,083	16,683,659	15,405	3.51%	85	1:12	1:12	N/A	1,071	1,022	5.52%	95.42%
2016	1,099	16,767,211	15,257	-0.96%	86	1:12	1:12	N/A	1,084	1,035	1.21%	95.48%
2017	1,057	17,290,622	16,358	7.22%	85	1:12	1:12	N/A	1,043	995	-3.78%	95.40%
2018	1,040	17,086,055	16,429	0.43%	76	1:12	1:12	N/A	1,015	967	-2.68%	95.27%
2019	975	17,779,659	18,236	11.00%	76	1:12	1:12	N/A	970	930	-4.43%	95.88%
2020	938	17,182,375	18,318	0.45%	75	1:12	1:12	N/A	986	955	1.65%	96.86%
2021	908	17,608,932	19,393	5.87%	75	1:12	1:12	N/A	913	886	-7.40%	97.04%
2022	943	19,436,105	20,611	6.28%	74	1:12	1:12	N/A	933	883	2.19%	94.64%
2023	907	19,436,105	21,429	3.97%	71	1:12	1:12	N/A	899	845	-3.64%	93.99%
2024	916	20,058,813	21,898	2.19%	71	1:12	1:12	N/A	917	865	2.00%	94.33%

Sources: District records

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	62,152	62,152	62,152	62,152	62,152	62,152	62,152	62,152	62,152	62,152
Capacity (students)										
Enrollment	414	404	373	387	354	294	291	416	418	422
<u>Middle School</u>										
Square Feet	89,822	89,822	89,822	89,822	89,822	89,822	89,822	89,822	89,822	89,822
Capacity (students)										
Enrollment	669	688	684	647	621	644	617	520	492	495
Number of Schools at June 30, 2022										
Elementary =	1	1	1	1	1	1	1	1	1	1
Middle School =	1	1	1	1	1	1	1	1	1	1
Senior High School =										
Other =										

Source: District Records

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

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

		<u>2024</u>	<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>
School Facilities	Project #										
Memorial School	N/A	\$ 134,319	\$ 176,975	\$ 137,160	\$ 151,010	\$ 141,560	\$ 115,331	\$ 116,820	\$ 127,120	\$ 125,183	\$ 117,348
Washington Park School	N/A	<u>147,713</u>	<u>169,321</u>	<u>211,050</u>	<u>201,228</u>	<u>139,233</u>	<u>135,880</u>	<u>113,295</u>	<u>116,959</u>	<u>121,082</u>	<u>111,115</u>
Grand Total		<u>\$ 282,032</u>	<u>\$ 346,296</u>	<u>\$ 348,210</u>	<u>\$ 352,238</u>	<u>\$ 280,793</u>	<u>\$ 251,211</u>	<u>\$ 230,115</u>	<u>\$ 244,079</u>	<u>\$ 246,265</u>	<u>\$ 228,463</u>

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Source: School District Financial Statements



**TOTOWA BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2024  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<b>New Jersey School Boards Association Insurance Group</b>		
<u>Property</u>		
Blanket Real and Personal Property	\$ 500,000,000.00	\$ 5,000.00
Blanket Extra Expense	\$ 50,000,000.00	\$ 5,000.00
Blanket Valuable Papers and Records	\$ 10,000,000.00	\$ 5,000.00
Demolition and Increased Cost of Construction	\$ 25,000,000.00	
Pollutant Cleanup and Removal	\$ 250,000.00	
Flood Zones	\$ 75,000,000.00	\$ 10,000.00
Earthquake	\$ 50,000,000.00	
Terrorism	\$ 1,000,000.00	
<u>Electronic Data Processing</u>		
Blanket Hardware/Software	\$ 500,000,000.00	\$ 1,000.00
Flood	\$ 500,000.00	\$ 10,000.00
<u>Equipment Breakdown</u>		
Combined Single Limit per Accident for Property Damage and Business Income	\$ 100,000,000.00	\$ 25,000.00
<u>Crime</u>		
Public Employee Dishonesty with Faithful Performance	\$ 500,000.00	\$ 1,000.00
Theft, Disappearance and Destruction	\$ 50,000.00	\$ 1,000.00
Forgery or Alteration	\$ 50,000.00	\$ 1,000.00
Money Orders & Counterfeit Paper Currency	\$ 50,000.00	\$ 1,000.00
Computer Fraud	\$ 50,000.00	\$ 1,000.00
<u>Public Officials Bond</u>		
Board Secretary	\$ 15,000.00	\$ 1,000.00
Treasurer of School Monies	\$ 225,000.00	
<u>Comprehensive General Liability</u>		
Bodily Injury and Property Damage	\$ 11,000,000.00	
Personal Injury and Advertising Injury	\$ 11,000,000.00	
Employee Benefits Liability	\$ 11,000,000.00	\$ 1,000.00
<u>Automobile</u>		
Combined Single Limit per Accident for Property Damage	\$ 11,000,000.00	
Uninsured/Underinsured Motorists - Private Passenger Auto	\$ 1,000,000.00	
Personal Injury Protection	\$ 250,000.00	
Physical Damage		\$ 1,000.00

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  
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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  
Totowa Board of Education  
Totowa, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Totowa Board of Education as of and for the fiscal year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Totowa Board of Education's basic financial statements and have issued our report thereon dated October 22, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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


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


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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Totowa Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 22, 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 Totowa Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Totowa Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
October 22, 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 FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE  
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS  
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

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

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

We have audited the Totowa Board of Education's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Totowa Board of Education's major federal and state programs for the fiscal year ended June 30, 2024. The Totowa Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Totowa Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2024.

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

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

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

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

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

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

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

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

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

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

## ***Report on Internal Control Over Compliance***

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

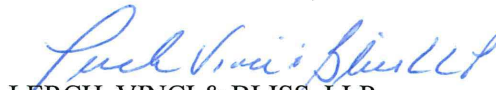
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

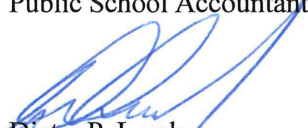
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Totowa Board of Education, as of and for the fiscal year ended June 30, 2024, 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 October 22, 2024, which contained unmodified on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
October 22, 2024

**TOTOWA BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Federal/Grantor/Pass-Through Grantor Program Title	Federal AL Number	FAIN Number	Grant Period	Award Amount	Balance, July 1, 2023	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment	Balance, June 30, 2024			MEMO GAAP Receivable
										Accounts Receivable	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture Passed-Through State Dept. of Agriculture <i>Enterprise Fund</i>													
School Breakfast Program	10.553	241NJ304N1099	7/1/23-6/30/24	\$ 3,179			\$ 2,910	\$ 3,179		\$ (269)			\$ 269
School Breakfast Program	10.553	231NJ304N1099	7/1/22-6/30/23	3,252	\$ (150)		150						
NJEIE			7/1/23-6/30/24	1,454			1,389	1,454		(65)			65
Pandemic EBT	10.649	202225900941	7/1/23-6/30/24	653			653	653					
Local Food for School (LFS)	10.185		7/1/23-6/30/24	1,178			1,178	1,178					
Food Distribution Program													
Supply Chain Assistance Grant	10.555	241NJ344N8903	7/1/23-6/30/24	\$ 25,239			25,239	25,239					
Non-Cash Assistance	10.555	241NJ304N1099	7/1/23-6/30/24	34,521			34,521	34,384			\$ 137		
Non-Cash Assistance	10.555	231NJ304N1099	7/1/22-6/30/23	34,563	664			664					
Cash Assistance	10.555	241NJ304N1099	7/1/23-6/30/24	126,556			118,625	126,556		(7,931)			7,931
Cash Assistance	10.555	231NJ304N1099	7/1/22-6/30/23	162,778	(8,915)		8,915						
Total U.S. Department of Agriculture					(8,401)	-	193,580	193,307	-	(8,265)	137	-	8,265
U.S. Department of Education Passed-Through State Dept. of Education <i>General Fund</i>													
Special Education Medicaid Reimbursement	93.778	2405NJ5MAP	7/1/23-6/30/24	46,880			39,629	46,880	-	(7,251)	-	-	7,251
Special Education Medicaid Reimbursement	93.778	2305NJ5MAP	7/1/22-6/30/23	40,342	(5,092)		5,092			-	-	-	-
Total General Fund					(5,092)	-	44,721	46,880	-	(7,251)	-	-	7,251
U.S. Department of Education Passed-Through State Dept. of Education <i>Special Revenue Fund</i>													
I.D.E.A. Part B, Basic Regular	84.027	H027A230100	7/1/23-9/30/24	266,671		16,452	266,694	281,626	(16,452)	(16,429)	1,497		14,932
I.D.E.A. Part B, Basic Regular	84.027	H027A220100	7/1/22-9/30/23	254,425	(11,274)	(16,452)	11,274		16,452				
I.D.E.A. Part B, Preschool	84.173	H173A230114	7/1/23-9/30/24	9,580			8,039	9,580		(1,541)	-		1,541
Cluster Total - Special Education					(11,274)	-	286,007	291,206	-	(17,970)	1,497	-	16,473
ESSA - Title I	84.010	S010A230030	7/1/23-9/30/24	189,391		12,025	172,332	178,255	(12,025)	(29,084)	23,161		5,923
ESSA - Title I	84.010	S010A220030	7/1/22-9/30/23	201,504	-	(12,025)			12,025				
ESSA - Title II-A	84.367	S367A230029	7/1/23-9/30/24	40,708		7,640	38,723	40,525	(7,640)	(9,625)	7,823		1,802
ESSA - Title II-A	84.367	S367A220029	7/1/22-9/30/23	44,113	-	(7,640)			7,640				
ESSA - Title III	84.365A	S365A230030	7/1/23-9/30/24	2,052	-		-	2,052		(2,052)	-		2,052
Total - ESSA					-	-	211,055	220,832	-	(40,761)	30,984	-	9,777



**TOTOWA BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

										Balance, June 30, 2024			<u>MEMO</u>
Federal/Grantor/Pass-Through Grantor	Federal AL	FAIN	Grant	Award	Balance, July 1,	Carryover	Cash	Budgetary	Adjustment/ Repayment	Accounts	Unearned	Due to	GAAP
Program Title	Number	Number	Period	Amount	2023	Amount	Received	Expenditures		Receivable	Revenue	Grantor	Receivable
<u>Elementary and Secondary School Emergency Relief (ESSER II)</u>													
<u>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act</u>													
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	\$ 464,282			\$ 52,151	\$ 52,151		-	-		-
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	29,795			7,450	7,450		-	-		-
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000			4,501	4,501		-	-		-
<u>Elementary and Secondary School Emergency Relief (ESSER III)</u>													
<u>American Rescue Plan (ARP)</u>													
ARP-ESSER III	84.425U	S425U210027	3/13/20-9/30/24	1,043,443			320,834	329,556		\$ (56,632)	\$ 47,910		\$ 8,722
Accelerated Learning Coach	84.425U	S425U210027	3/13/20-9/30/24	79,671			36,336	36,336		-	-		
Evidence Based Summer	84.425U	S425U210027	3/13/20-9/30/24	40,000			13,405	13,405		-	-		
Evidence Based Comprehensive	84.425U	S425U210027	3/13/20-9/30/24	40,000			1,129	1,129		-	-		
NJTSS Mental Health	84.425U	S425U210027	3/13/20-9/30/24	45,000			14,861	14,861		-	-		
NJ High Impact Tutoring Grant	21.027		10/11/23-8/31/24	76,000			3,395	49,193		(72,605)	26,807		45,798
Total - Covid Grants					-	-	454,062	508,582	-	(129,237)	74,717	-	54,520
Total Special Revenue Fund					(11,274)	-	951,124	1,020,620	-	(187,968)	107,198	-	80,770
Total Federal Awards					\$ (24,767)	\$ -	\$ 1,189,425	\$ 1,260,807	\$ -	\$ (203,484)	107,335	\$ -	96,286

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

**TOTOWA BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2023		Cash Received	Budgetary Expenditures	Adjustment/Refund of Prior Years' Balances	Balance, June 30, 2024			MEMO	
				(Accounts Receivable)/Deferred Revenue	Due to Grantor				Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Expenditures
State Department of Education													
General Fund													
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	\$ 885,900			\$ 800,375	\$ 885,900		\$ (85,525)				\$ 885,900
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	788,231	\$ (75,832)		75,832							-
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	74,363			67,184	74,363		(7,179)				74,363
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	74,363	(7,154)		7,154							-
Cluster Total - State Aid Public				(82,986)	-	950,545	960,263	-	(92,704)	-	-		960,263
Transportation Aid	24-495-034-5120-015	7/1/23-6/30/24	150,414			135,893	150,414		(14,521)				150,414
Transportation Aid	23-495-034-5120-015	7/1/22-6/30/23	150,414	(14,471)		14,471							
Non Public Transportation Reimb.	N/A	7/1/23-6/30/24	28,210				28,210		(28,210)			\$ 28,210	28,210
Non Public Transportation Reimb.	N/A	7/1/22-6/30/23	19,032	(19,032)		19,032							
Cluster Total - Transportation Aid				(33,503)	-	169,396	178,624	-	(42,731)	-	-	28,210	178,624
Extraordinary Aid	24-100-034-5120-473	7/1/23-6/30/24	91,565				91,565		(91,565)				91,565
Extraordinary Aid	23-100-034-5120-473	7/1/22-6/30/23	96,283	(96,283)		96,283							-
On-Behalf TPAF - Pension	24-495-034-5094-002	7/1/23-6/30/24	2,477,453			2,477,453	2,477,453						2,477,453
On Behalf TPAF - NCGI Premium	24-100-034-5094-004	7/1/23-6/30/24	28,254			28,254	28,254						28,254
On Behalf TPAF - Post Ret. Med.	24-495-034-5094-001	7/1/23-6/30/24	681,962			681,962	681,962						681,962
On Behalf TPAF - LTDI	24-100-034-5094-004	7/1/23-6/30/24	780			780	780						780
Reimbursed TPAF Social Security	24-495-034-5094-003	7/1/23-6/30/24	511,969			461,794	511,969		(50,175)			50,175	511,969
Reimbursed TPAF Social Security	23-495-034-5094-003	7/1/22-6/30/23	491,865	(47,517)	-	47,517			-	-	-	-	-
Total General Fund				(260,289)	-	4,913,984	4,930,870	-	(277,175)	-	-	78,385	4,930,870
Special Revenue Fund													
Chapter 192 - Auxiliary Services													
Compensatory Education	24-100-034-5120-067	7/1/23-6/30/24	94,403			94,403	94,403					-	94,403
Cluster Total - Chapter 192				-	-	94,403	94,403	-	-	-	-	-	94,403
Chapter 193 - Handicapped Services:													
Examination & Classification	24-100-034-5120-066	7/1/23-6/30/24	7,957			7,957	7,957						7,957
Examination & Classification	23-100-034-5120-066	7/1/22-6/30/23	17,054		\$ 13,454			\$ 13,454					
Supplemental Instruction	24-100-034-5120-066	7/1/23-6/30/24	12,390			12,390	12,390				-	-	12,390
Corrective Speech	24-100-034-5120-066	7/1/23-6/30/24	11,160			11,160	11,160				-		11,160
Cluster Total - Chapter 193				-	13,454	31,507	31,507	13,454	-	-	-	-	31,507
New Jersey Nonpublic Aid:													
Textbook Aid	24-100-034-5120-064	7/1/23-6/30/24	9,250			9,250	8,624				\$ 626		8,624
Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	11,748		5,465			5,465					
Nursing Services	24-100-034-5120-070	7/1/23-6/30/24	19,200			19,200	19,200				-		19,200
Technology Aid	24-100-034-5120-373	7/1/23-6/30/24	7,840			7,840	5,524				2,316		5,524
Security Aid	24-100-034-5120-509	7/1/23-6/30/24	32,800			32,800	8,552				24,248		8,552
Security Aid	23-100-034-5120-509	7/1/22-6/30/23	36,490		11,050	-	-	11,050			-		-
SDA Grant		7/1/23-6/30/24	19,335		-	19,335	19,335				-		19,335
Total Special Revenue Fund				-	29,969	214,335	187,145	29,969	-	-	27,190	-	187,145

**TOTOWA BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2023		Cash Received	Budgetary Expenditures	Adjustment/ Refund of Prior Years' Balances	Balance, June 30, 2024			MEMO		
				(Accounts Receivable)/ Deferred Revenue	Due to Grantor				Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Expenditures	
Enterprise Fund														
National School Lunch Program	24-100-010-3350-023	7/1/23-6/30/24	\$ 6,729			\$ 6,307	\$ 6,729		\$ (422)			*	\$ 422	\$ 6,729
National School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	5,915	\$ (415)		415			-			*		-
National School Breakfast Program	24-100-010-3350-023	7/1/23-6/30/24	133			125	133		(8)			*	8	133
Total Enterprise Fund				(415)	-	6,847	6,862	-	(430)	-	-	*	430	6,862
State Financial Assistance Subject to Single Audit Determination				(260,704)	\$ 29,969	5,135,166	5,124,877	\$ 29,969	(277,605)	-	\$ 27,190	*	\$ 78,815	5,124,877
On-Behalf TPAF -Pension	24-495-034-5094-002	7/1/23-6/30/24	2,477,453			(2,477,453)	(2,477,453)					*		(2,477,453)
On Behalf TPAF - NCGI Premium	24-100-034-5094-004	7/1/23-6/30/24	28,254			(28,254)	(28,254)					*		(28,254)
On Behalf TPAF - Post Ret. Mod.	24-495-034-5094-001	7/1/23-6/30/24	681,962			(681,962)	(681,962)					*		(681,962)
On Behalf TPAF - LTDI	24-100-034-5094-004	7/1/23-6/30/24	780	-	-	(780)	(780)	-	-	-	-	*	-	(780)
Total State Financial Assistance Subject to Major Program Determination				\$ (260,704)	\$ 29,969	\$ 1,946,717	\$ 1,936,428	\$ 29,969	\$ (277,605)	\$ -	\$ 27,190	*	\$ 78,815	\$ 1,936,428

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

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 REPORTING ENTITY**

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

**NOTE 2 BASIS OF PRESENTATION**

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

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board’s financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board’s summary of significant accounting policies are described in Note 1 to the Board’s financial statements.

**NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$5,050 for the general fund. There is no adjustment for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 46,880	\$ 4,925,820	\$ 4,972,700
Special Revenue Fund	1,020,620	187,145	1,207,765
Food Service Fund	<u>193,307</u>	<u>6,862</u>	<u>200,169</u>
Total Financial Assistance	<u>\$ 1,260,807</u>	<u>\$ 5,119,827</u>	<u>\$ 6,380,634</u>

**TOTOWA BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 6 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$511,969 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, 2024. The amount reported as TPAF Pension System Contributions in the amount of \$2,505,707, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$681,962 and TPAF Long-Term Disability Insurance in the amount of \$780 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2024.

**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.

**TOTOWA BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Part I – Summary of Auditor's Results**

**Financial Statement Section**

A) Type of auditor's report issued: Unmodified

B) Internal control over financial reporting:

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

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

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

**Federal Awards Section**

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

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>Federal AL Numbers</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A230100	I.D.E.A. Part B, Basic Regular
84.173	H173A230114	I.D.E.A. Part B, Preschool

Dollar threshold used to distinguish between Type A and Type B Programs

\$ 750,000

Auditee qualified as low-risk auditee?

      X       yes            no

**TOTOWA BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

*Part I – Summary of Auditor's Results*

**State Awards Section**

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

Auditee qualified as low-risk auditee?   X   yes        no

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

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>24-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and  
Type B Programs

\$ 750,000

Auditee qualified as low-risk auditee?

  X   yes        no

**TOTOWA BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

***Part 2 – Schedule of Financial Statement Findings***

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

There are none.



**TOTOWA BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**CURRENT YEAR STATE AWARDS**

There are none.