

Annual  
Financial Report

of the

**New Jersey School Boards Association**

for the

Years Ended

June 30, 2020 and 2019

Prepared by

New Jersey School Boards Association

Finance Department



# NEW JERSEY SCHOOL BOARDS ASSOCIATION

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## **FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

New Jersey School Boards Association  
413 West State Street  
Trenton, New Jersey 08618

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

We have audited the accompanying financial statements of the New Jersey School Boards Association, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements 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 Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the New Jersey School Boards Association, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and the schedules related to accounting and reporting for pensions in Schedules R-1 through R-3 and the schedules related to accounting and reporting for OPEB in Schedules S-1 through S-3 identified in the table of contents be presented to supplement the basic financial statements. Such information, 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.

## SUPLEE, CLOONEY & COMPANY

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2020 on our consideration of the New Jersey School Boards Association'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 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 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 New Jersey School Boards Association's internal control over financial reporting and compliance.

November 10, 2020

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# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

New Jersey School Boards Association  
413 West State Street  
Trenton, New Jersey 08618

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Jersey School Boards Association as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise New Jersey School Boards Association's financial statements, and have issued our report thereon dated November 10, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered New Jersey School Boards Association's control over financial reporting (internal control) to determine the 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 New Jersey School Boards Association's internal control. Accordingly, we do not express an opinion on the effectiveness of New Jersey School Boards Association'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 Association'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.

## SUPLEE, CLOONEY & COMPANY

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether New Jersey School Boards Association'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 determination of financial statement amounts. 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*.

### ***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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 10, 2020

A handwritten signature in black ink, appearing to read "Suplee, Clooney & Company", is written in a cursive style.

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

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

In this section of the annual report, management of the New Jersey School Boards Association (the "Association") presents a narrative discussion and analysis of the Association's financial activities for the years ended June 30, 2020 and June 30, 2019. This section of the report should be read in conjunction with the Association's audited financial statements and supplementary information for the years ended June 30, 2020 and 2019. The Association's audited financial statements are presented in conformity with U.S. generally accepted accounting principles.

### **Audit Assurance**

The unmodified opinion of our independent auditors, Suplee Clooney & Company, is included in this report.

### **Financial Highlights**

Total assets and deferred outflow of resources at June 30, 2020 were \$16.2 million, a decrease of \$3.1 million from the prior year's total assets of \$19.3 million. The change was comprised of a decrease in cash of \$759 thousand, and a reduction in property, plant, and equipment and other assets of \$201 thousand, due to depreciation and amortization of these assets of \$535 thousand, offset by additions of \$334 thousand. Additionally, there was a decrease in deferred outflow of resources of \$2.1 million due to changes in the net pension and other post-employment benefit (OPEB) obligations. These transactions are explained in footnotes 1, 6, 8 and 9 and later in this discussion. Current liabilities were \$1.7 million in 2020 and \$3.0 million in 2019. A decrease of \$1.3 million was mostly due to a decrease in deferred revenue of \$734 thousand primarily as a result of a change to a virtual format for Workshop 2020. This decrease was slightly offset by an increase of \$77 thousand in our accrued vacation liability. The net pension liability decreased \$2.2 million and the net OPEB liability decreased \$9.4 million. Deferred inflows of resources increased \$8.0 million due to favorable market investment assumptions.

Membership dues and programs increased slightly by \$7K, while net membership expenditures decreased by \$100K due to less travel resulting from COVID-19 restrictions.

Overhead expenditures decreased \$12 thousand in 2019-2020. Salaries and benefits increased by \$187 thousand. Pension expense – non-cash portion resulted in a gain of \$11 thousand compared to an expense of \$378 thousand in 2019. The State of New Jersey, Division of Pension and Benefits provides these amounts to us.

The October 2019 net Workshop accounts resulted in an overall increase of 6.6% over the October 2018 Workshop. The largest revenue producing items of registration, commercial exhibits, and sponsorships resulted in an increase in Workshop revenues of 6.3%, while costs increased 5.9% due to higher production costs, increased technology requirements, and higher commissions to our partners who co-sponsor Workshop with us and helped to increase Workshop's attendance.

Net Fee-Based Services accounted for \$389 thousand, or 8.8%, more than the previous year of \$357 thousand. BoardDocs E-Governance, a successful replacement of the District Manual on the Web, contributed to this increase, as well as an increase of \$62K in revenues from Superintendent Searches.

Net conference receipts and expenditures decreased \$120K, or 61.6% from the previous year, resulting from the cancellation of many in-person conferences, usually held in the Spring, when the COVID-19 safety measures were put into place.

Net iSTEAM and Sustainability revenues increased by \$5K. This slight increase was driven by lower revenues from ACES – Plus and converting the STEAM Tank Regional competition to a free program, which were offset by a lower contribution to Sustainable Jersey.

Miscellaneous Revenue increased by 31.6%. The largest contributor to this increase was attributable to TEC (Technology for Careers and Education) fees of \$144 thousand.

Investment income decreased 29.8% primarily due to lower interest rates earned on our available cash balance.

Unrestricted cash and Investments of \$5.5 million was \$759 thousand lower in 2020 than in 2019 primarily due to a change to a virtual Workshop format for 2020 and the resulting adjustments to registration and commercial exhibitor fees. Cash provided by/(used in) used in operating activities was \$(514) thousand in 2020 and \$764 thousand in 2019. Cash flows used in investing activities were \$244 thousand in 2020 versus \$161 thousand in 2019. The majority of these investing activities related to upgrades of our Information Technology systems.

## **Overview of Annual Financial Report**

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Association's financial condition and performance. Summary financial statement data, and key financial and operational indicators used in the Association's budget, were used for this analysis.

The financial statements report information about the Association using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; Statements of Cash Flows; and notes to the financial statements.

The Statements of Net Position present the financial position of the Association on a full accrual, historical cost basis. These statements present information on all of the Association's assets and liabilities, with the differences reported as net position. Over time, increases and decreases in net position are indicators of whether the financial position of the Association is improving or deteriorating.

While the Statements of Net Position provide information about the nature and amount of resources and obligations at year-end, the Statements of Revenues, Expenses and Changes to Net Position present the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statements of Cash Flows present changes in cash and cash equivalents, resulting from operational, financing, and investing activities. These statements present cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets occurs.

Beginning in 2015, the Government Accounting Standards Board (GASB) Statement 68 required state and local governmental entities to disclose their unfunded pension liabilities. The Association participates in the pension plan sponsored by the State of New Jersey, which has a much-publicized, large unfunded liability. Although the Association is not responsible for making pension payments to employees when they retire, GASB 68 dictates that the pro-rata share represented by Association employees participating in PERS (Public Employee Retirement System) be reported in the audited financial statements to promote better financial clarity. Understandably, the net pension liability of \$12.4 million and \$14.6 million – shown within long-term liabilities – is a significant amount at June 30, 2020 and 2019, respectively. Footnotes 1 and 6 explain the pension plan accounting in detail.

GASB has also issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This plan is a cost sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding solution. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Association adopted a resolution to provide post-retirement health benefits to employees who retire with 25 years or more of service within the system by December 1, 2001. Eleven retirees meet this requirement and are receiving benefits. One current employee is eligible upon their retirement. The net OPEB liability was \$1.3 million and \$10.7 million – shown within long-term liabilities at June 30, 2020 and 2019, respectively. Footnotes 1, 8 and 9 explain the OPEB plan accounting in detail based on 11 plan members. The State adjusted this liability based on the actual number of members as of June 30, 2020.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Association's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

## **Summary of Organization and Business**

The New Jersey School Boards Association was created by the State of New Jersey N.J.S.A. 18A:6-45 in 1914. The Association is a federation of all of the state's boards of education. Each district is required to pay dues annually to the Association. The mission of the Association is to provide training, advocacy and support to advance public education and promote the achievement of all students through effective governance.

The Association's Associate Membership Program for Charter Schools is designed to help charter school trustees and lead persons successfully carry out their responsibilities in policy, governance, finance and negotiations.

## **Use of Surplus**

The balance of the Future Ready Technology Replacement Fund as of June 30, 2019 was \$181 thousand. During the current year, funds in the amount of \$89 thousand were used for the Office 365 SharePoint Online and OneDrive installation and for the purchase of new video equipment for our conference rooms, leaving a balance of \$92 thousand at June 30, 2020. The balance of the AMS Fund as of June 30, 2019 was \$178 thousand and \$-0- as of June 30, 2020. This fund was originally established in January 2019 for the purpose of upgrading our Association Management System, and in January 2020 we launched a cloud-based system offered by Cobalt, an Arlington Virginia-based company that specializes in systems for associations. The Building Needs Fund spent \$42 thousand on heating and air conditioning improvements, \$5 thousand on a water booster pump, \$14 thousand on a software upgrade and \$5 thousand on a new portal to enhance our capabilities to provide online training courses. These improvements left a remaining balance in this fund of \$32 thousand as of June 30, 2020.

## **Contacting the Association's Management**

If there are any questions concerning the Association's report or if additional information is needed, please contact Dr. Lawrence S. Feinsod, Executive Director; New Jersey School Boards Association, 413 West State Street, Trenton, New Jersey 08618.

## **Financial Analysis**

The following comparative, condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning.

**NEW JERSEY SCHOOL BOARDS ASSOCIATION**

**CONDENSED FINANCIAL STATEMENTS**

**CONDENSED STATEMENTS OF NET POSITION**

	June 30		Variance		
	<u>2020</u>	<u>2019</u>	<u>Dollars</u>	<u>%</u>	<u>2018</u>
<b>Assets and Deferred Outflow of Resources</b>					
Cash and Cash Equivalents	\$ 5,553,064	\$ 6,311,567	\$ (758,503)	-12.0%	\$ 5,708,485
Accounts Receivable - Net	143,830	153,768	(9,938)	-6.5%	158,352
Property, Plant and Equipment - Net	7,782,468	7,983,735	(201,267)	-2.5%	8,175,246
Other Assets	211,664	202,297	9,367	4.6%	143,220
Deferred Outflow of Resources	2,495,755	4,604,847	(2,109,092)	-45.8%	5,308,927
<b>Total Assets and Deferred Outflow of Resources</b>	<u><u>\$ 16,186,781</u></u>	<u><u>\$ 19,256,214</u></u>	<u><u>\$ (3,069,433)</u></u>	<u><u>-15.9%</u></u>	<u><u>\$ 19,494,230</u></u>
<b>Liabilities and Deferred Inflow of Resources</b>					
Current Liabilities	\$ 1,722,332	\$ 3,001,009	\$ (1,278,677)	-42.6%	\$ 1,812,372
Long-Term Liabilities	13,729,917	25,297,790	(11,567,873)	-45.7%	31,443,579
<b>Total Liabilities</b>	<u>15,452,249</u>	<u>28,298,799</u>	<u>(12,846,550)</u>	<u>-45.4%</u>	<u>33,255,951</u>
Deferred Inflow of Resources	19,334,665	11,348,235	7,986,430	70.4%	6,476,809
<b>Net Position</b>					
Board Designated	124,492	458,208	(333,716)	-72.8%	297,462
Unrestricted - Undesignated	4,396,366	4,022,975	373,391	9.3%	3,900,223
Unrestricted - Net Pension Liability	(15,774,738)	(15,785,299)	10,561	-0.1%	(15,406,779)
Unrestricted - OPEB Liability	(15,128,721)	(17,070,439)	1,941,718	-11.4%	(17,204,682)
Net Investment in Facilities	7,782,468	7,983,735	(201,267)	-2.5%	8,175,246
Restricted	<u>0</u>	<u>0</u>	<u>-</u>	<u>-</u>	<u>0</u>
<b>Total Net Position</b>	<u>(18,600,133)</u>	<u>(20,390,820)</u>	<u>1,790,687</u>	<u>-8.8%</u>	<u>(20,238,530)</u>
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	<u><u>\$ 16,186,781</u></u>	<u><u>\$ 19,256,214</u></u>	<u><u>\$ (3,069,433)</u></u>	<u><u>-15.9%</u></u>	<u><u>\$ 19,494,230</u></u>



**NEW JERSEY SCHOOL BOARDS ASSOCIATION**

**CONDENSED FINANCIAL STATEMENTS**

**CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	June 30		Variance		
	<u>2020</u>	<u>2019</u>	<u>Dollars</u>	<u>%</u>	<u>2018</u>
Membership Dues	\$ 7,112,091	\$ 7,112,092	\$ (1)	0.0%	\$ 7,112,000
Membership Programs	304,220	297,051	7,169	2.4%	302,234
Total Memberships	<u>7,416,311</u>	<u>7,409,143</u>	<u>7,168</u>	<u>0.1%</u>	<u>7,414,234</u>
Membership Expenditures:					
Committees	59,008	66,634	(7,626)	-11.4%	70,017
Conferences	22,755	40,605	(17,850)	-44.0%	28,189
Membership Services & Programs	171,518	192,869	(21,351)	-11.1%	177,393
Publications included with Memberships, Net	15,336	19,771	(4,435)	-22.4%	43,847
Travel & Liaison	80,742	129,256	(48,514)	-37.5%	132,283
Total Memberships Expenditures	<u>349,359</u>	<u>449,135</u>	<u>(99,776)</u>	<u>-22.2%</u>	<u>451,729</u>
Overhead:					
Salaries	5,911,984	5,713,115	198,869	3.5%	5,597,927
Personnel Administration & Training	2,107,174	2,118,608	(11,434)	-0.5%	2,171,950
Pension Expense - non-cash portion	(10,561)	378,520	(389,081)	-102.8%	829,320
Headquarters Housing	391,362	391,807	(445)	-0.1%	367,242
Amortization & Depreciation Expense	534,982	480,167	54,815	11.4%	446,029
Insurance	89,113	89,173	(60)	-0.1%	86,258
Office Expense	438,667	292,582	146,085	49.9%	284,032
Total Overhead Expenditures	<u>9,462,721</u>	<u>9,463,972</u>	<u>(1,251)</u>	<u>0.0%</u>	<u>9,782,758</u>
Net Memberships	(2,395,769)	(2,503,964)	108,195	-4.3%	(2,820,253)
Workshop Receipts	2,388,469	2,246,386	142,083	6.3%	2,071,179
Workshop Expenditures	949,049	895,942	53,107	5.9%	837,008
Net Workshop	<u>1,439,420</u>	<u>1,350,444</u>	<u>88,976</u>	<u>6.6%</u>	<u>1,234,171</u>
Fee Based Service Receipts	766,047	675,506	90,541	13.4%	562,754
Fee Based Service Expenditures	377,347	318,214	59,133	18.6%	262,378
Net Fee Based Services	<u>388,700</u>	<u>357,292</u>	<u>31,408</u>	<u>8.8%</u>	<u>300,376</u>
Conference Receipts	86,741	239,880	(153,139)	-63.8%	191,734
Conference Expenditures	10,007	42,774	(32,767)	-76.6%	39,669
Net Conferences	<u>76,734</u>	<u>197,106</u>	<u>(120,372)</u>	<u>-61.1%</u>	<u>152,065</u>
Net Publications	34,238	23,445	10,793	46.0%	27,607
Net iSTEAM & Sustainability	10,460	5,380	5,080	94.4%	59,325
Net Miscellaneous Receipts	205,852	156,478	49,374	31.6%	129,333
Net OPEB Adjustment	1,941,718	134,243	1,807,475	1346.4%	4,936
Investment Income	<u>89,334</u>	<u>127,286</u>	<u>(37,952)</u>	<u>-29.8%</u>	<u>96,109</u>
Net Income (Loss)	1,790,687	(152,290)	1,942,977	1275.8%	(816,331)
Net Position, Beginning of Year	<u>(20,390,820)</u>	<u>(20,238,530)</u>	<u>(152,290)</u>	<u>0.8%</u>	<u>(2,212,581)</u>
Restatement to Include Net OPEB Liability			0	0.0%	(17,209,618)
Net Position, Beginning of Year - Restated			0	0.0%	(19,422,199)
Net Position, End of Year	<u>\$ (18,600,133)</u>	<u>\$ (20,390,820)</u>	<u>\$ 1,790,687</u>	<u>8.8%</u>	<u>\$ (20,238,530)</u>

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## **BASIC FINANCIAL STATEMENTS**

NEW JERSEY SCHOOL BOARDS ASSOCIATION

STATEMENTS OF NET POSITION

JUNE 30, 2020 AND 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and Cash Equivalents	\$ 5,523,432	\$ 6,199,779
Cash - Restricted	29,632	111,788
Accounts Receivable	143,830	153,768
Prepaid Expenses	211,664	202,297
<u>Total Current Assets</u>	<u>5,908,558</u>	<u>6,667,632</u>
Fixed Assets:		
Land for HQ	1,686,534	1,686,534
Land	139,040	139,040
Building and Building Improvements	10,636,633	10,625,568
Furniture and Fixtures	978,103	864,232
Computer Hardware and Software	969,911	761,132
Telephone System	38,907	38,907
Automobiles	59,669	59,669
	<u>14,508,797</u>	<u>14,175,082</u>
Less: Accumulated Depreciation and Amortization	<u>(6,726,329)</u>	<u>(6,191,347)</u>
<u>Net Fixed Assets</u>	<u>7,782,468</u>	<u>7,983,735</u>
<u>Total Assets</u>	<u>13,691,026</u>	<u>14,651,367</u>
<u>Deferred Outflow of Resources</u>		
Pension Related	2,494,657	4,520,015
OPEB Related	1,098	84,832
	<u>2,495,755</u>	<u>4,604,847</u>
<u>TOTAL ASSETS AND</u> <u>DEFERRED OUTFLOW OF RESOURCES</u>	<u>\$ 16,186,781</u>	<u>\$ 19,256,214</u>

The accompanying Notes are an integral part of these financial statements.

## NEW JERSEY SCHOOL BOARDS ASSOCIATION

## STATEMENTS OF NET POSITION

JUNE 30, 2020 AND 2019

LIABILITIES, DEFERRED INFLOWS  
OF RESOURCES AND NET POSITION

	<u>2020</u>	<u>2019</u>
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 735,736	\$ 1,357,658
Unearned Revenue	415,304	1,149,320
Accrued Vacation Payable	571,292	494,031
<u>Total Current Liabilities</u>	<u>1,722,332</u>	<u>3,001,009</u>
Long-term Liabilities:		
Net Pension Liability	12,397,525	14,557,227
Net OPEB Liability	1,332,392	10,740,563
<u>Total Long-term Liabilities</u>	<u>13,729,917</u>	<u>25,297,790</u>
<u>Total Liabilities</u>	<u>15,452,249</u>	<u>28,298,799</u>
<u>Deferred Inflow of Resources</u>		
Pension Related	5,537,238	5,012,683
OPEB Related	13,797,427	6,335,552
	<u>19,334,665</u>	<u>11,348,235</u>
<u>Net Position</u>		
Unrestricted - Board Designated:		
Building Needs Allocation	32,149	98,579
Future Ready Technology Replacement	92,343	181,508
Association Management System	-	178,121
Total Unrestricted - Board Designated	<u>124,492</u>	<u>458,208</u>
Unrestricted - Undesignated	4,396,366	4,022,975
Unrestricted - Net Pension Liability	(15,774,738)	(15,785,299)
Unrestricted - OPEB Liability	(15,128,721)	(17,070,439)
Net Investment in Capital Assets	7,782,468	7,983,735
Restricted	-	-
<u>Total Net Position</u>	<u>(18,600,133)</u>	<u>(20,390,820)</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</u>	<u>\$ 16,186,781</u>	<u>\$ 19,256,214</u>

The accompanying Notes are an integral part of these financial statements.

EXHIBIT BNEW JERSEY SCHOOL BOARDS ASSOCIATIONSTATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITIONFOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Membership Dues	\$ 7,112,091	\$ 7,112,092
Membership Programs	304,220	297,051
Total Memberships	<u>7,416,311</u>	<u>7,409,143</u>
Membership Expenditures:		
Committees	59,008	66,634
Conferences	22,755	40,605
Membership Services & Programs	171,518	192,869
Publications included with Memberships, Net	15,336	19,771
Travel & Liaison	80,742	129,256
Total Memberships Expenditures	<u>349,359</u>	<u>449,135</u>
Overhead:		
Salaries	5,911,984	5,713,115
Personnel Administration & Training	2,107,174	2,118,608
Pension Expense non-cash portion	(10,561)	378,520
Headquarters Housing	391,362	391,807
Amortization & Depreciation Expense	534,982	480,167
Insurance	89,113	89,173
Office Expense	438,667	292,582
Total Overhead Expenditures	<u>9,462,721</u>	<u>9,463,972</u>
Net Memberships	<u>(2,395,769)</u>	<u>(2,503,964)</u>
Workshop Receipts	2,388,469	2,246,386
Workshop Expenditures	949,049	895,942
Net Workshop	<u>1,439,420</u>	<u>1,350,444</u>
Fee Based Service Receipts	766,047	675,506
Fee based Service Expenditures	377,347	318,214
Net Fee Based Services	<u>388,700</u>	<u>357,292</u>
Conference Receipts	86,741	239,880
Conference Expenditures	10,007	42,774
Net Conferences	<u>76,734</u>	<u>197,106</u>
Net Publications	34,238	23,445
Net iSTEAM & Sustainability	10,460	5,380

NEW JERSEY SCHOOL BOARDS ASSOCIATIONSTATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITIONFOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Net Miscellaneous Receipts	205,852	156,478
Net OPEB Adjustment	<u>1,941,718</u>	<u>134,243</u>
Net Operating Income (Loss)	1,701,353	(279,576)
Investment Income	<u>89,334</u>	<u>127,286</u>
Net Income (Loss)	<u>1,790,687</u>	<u>(152,290)</u>
Net Position, Beginning of Year	<u>(20,390,820)</u>	<u>(20,238,530)</u>
Net Position, End of Year	\$ <u>(18,600,133)</u>	\$ <u>(20,390,820)</u>

The accompanying Notes are an integral part of these financial statements.

NEW JERSEY SCHOOL BOARDS ASSOCIATIONSTATEMENTS OF CASH FLOWFOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Collections from Customers	\$ 10,172,471	\$ 11,201,759
Payments to Vendors and Employees	<u>(10,686,593)</u>	<u>(10,437,307)</u>
Net Cash Provided (Used) by Operating Activities	<u>(514,122)</u>	<u>764,452</u>
Cash Flows from Investing Activities:		
Purchases of Equipment	(333,715)	(288,656)
Investment Income	<u>89,334</u>	<u>127,286</u>
Net Cash Used in Investing Activities	<u>(244,381)</u>	<u>(161,370)</u>
Net Change in Cash and Cash Equivalents	(758,503)	603,082
Cash and Cash Equivalents, Beginning of Year	<u>6,311,567</u>	<u>5,708,485</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>5,553,064</u></u>	\$ <u><u>6,311,567</u></u>
Reconciliation of Operating Income to:		
Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,701,353	\$ (279,576)
Depreciation	439,725	445,129
Amortization	95,257	35,038
Pension (Income) Expense	(10,561)	378,520
OPEB Adjustment	(1,941,718)	(134,243)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	9,938	4,584
Prepaid Expenses	(9,367)	(59,077)
Accounts Payable and Accrued Expenses	(141,994)	119,584
Other Liabilities	<u>(656,755)</u>	<u>254,493</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(514,122)</u></u>	\$ <u><u>764,452</u></u>

The accompanying Notes are an integral part of these financial statements.



## NEW JERSEY SCHOOL BOARDS ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

#### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Nature of Business

The New Jersey School Boards Association (the "Association") was created by the State of New Jersey N.J.S.A. 18A:6-45 in 1914. The Association is a state federation of all district boards of education. Each district is required to annually pay dues to the Association. The mission of the Association is to provide training, advocacy and support to advance public education and promote the achievement of all students through effective governance.

##### Reporting Entity

The Association's financial statements include all operations and management of the organization. The Board of Directors consists of the officers of the Association and 26 members as follows:

- a. One from each county of the State, who shall be elected by the district boards of education acting through the school boards association of each county;
- b. Three members elected by the members of the Urban Boards Committee, provided that no member elected pursuant to this subsection be a member of a local board on which another member of the Board of Directors already serves;
- c. One member who shall be appointed by the president with the advice and consent of the Board of Directors, and who shall be a member of a county vocational board of education, provided that no member appointed pursuant to this subsection may be a member of a local board on which another member of the Board of Directors already serves;
- d. One member elected by the members of the County Association Leadership, provided that no member elected pursuant to this subsection may be a member of a local board on which another member of the Board of Directors already serves; and
- e. Any board of education member who is elected as an officer or board of directors member of the National School Boards Association, and whose district board of education is in good standing with the Association, shall serve as a non-voting member of the Board of Directors for the duration of his or her NSBA term of office.

Regular members of the Board of Directors other than officers shall be elected or appointed for a term of three years. There is one alternate for each director, selected in the same manner as the director by the same authority, for a three-year term. The officers are elected for a two-year term. Among other duties and authority, the Board of Directors implements the purposes of the Association and exercises general supervision over its affairs, between meetings of the delegates; they adopt the annual budget and approve the annual audit of the Association; and are authorized to transact the business of the Association and enter into contracts on behalf of the Association. There are no additional entities required to be included in the reporting entity, and the Association is not included in any other reporting entity.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

The Association implemented Governmental Accounting Standards Board (GASB) 68 in 2015. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. This statement is effective for periods beginning after June 15, 2014.

The Association has also implemented GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date* – an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity contributes to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

At transition to Statement No. 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 requires that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No.68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, the Association is required to recognize the pension liability in the Statement of Net Position and Notes to the Financial Statements in accordance with GASB No.68. The liability required to be displayed by GASB No. 68 is displayed as a separate line item in the Long-Term Liabilities area of the Statement of Net Position.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, authorities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet. Currently, the unfunded OPEB liability of the Bureau as of June 30, 2019 is presented

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Association has only two items that qualify for reporting in this category, deferred amounts related to pensions and OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section or deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Association has two items that qualify in this category, deferred amounts related to pensions and OPEB.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for proprietary funds as prescribed by the GASB. Proprietary fund revenues and expenses are recognized on the accrual basis. Accordingly, revenues are recognized in the accounting period in which they are earned and become measurable. Membership dues collected in the current fiscal year, which are due in the next fiscal year, are recorded as unearned revenue. Expenses are recognized in the period incurred if measurable. Under GASB Statement No. 34, for financial reporting purposes, the Association is considered a special-purpose government entity engaged only in business-type activities.

Concentration of Credit Risk

The Association maintains its cash balances in financial institutions, which are insured by the Federal Deposit Insurance Corporation up to \$250,000 each and the remaining bank balance is covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). Our bank, Investors Bank, is certified by the Department of Banking and Insurance for participation in the GUDPA system.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within 3 months of purchase. Balances may exceed FDIC limits. The Association believes it is not exposed to any significant credit risks.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable consists of various amounts receivable from member boards of education and corporate partners for conferences, fee-based services, advertising, and other member program services. Accounts deemed uncollectible are directly written off.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The Association classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

Authorized investments include the following:

- a. Certificates of Deposit or other interest-bearing deposits of New Jersey financial institutions, which are certified as Public Depositories for accepting public funds by the State Commissioner of Banking, according to the provisions of the GUDPA. There is no dollar limitation on funds placed in GUDPA depositories.
- b. Money market funds of authorized financial institutions (GUDPA depositories).
- c. The State of New Jersey Cash Management Fund.
- d. Obligations of the U.S. Government or obligations guaranteed by the U.S. Government.

Deferred Pension Cost

The deferred pension cost was amortized on a straight-line method over the 15-year remaining life of the agreement with the State of New Jersey. At June 30, 2020 and 2019, the deferred pension cost was fully amortized.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets. Asset lives used in the calculation of depreciation are as follows:

Buildings and Improvements	33 ½ years
Office Equipment	5 years
Furniture and Fixtures	10 years
Telephone System	10 years
Computer Hardware and Software	3 years
Vehicles	3 years

Estimates and Uncertainties

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Association is a governmental unit as described in Section 170(c) (1) of the Internal Revenue Code and in accordance with Section 115 of the Code, is not subject to income taxes.

(2) CASH – RESTRICTED

The Association's cash restricted accounts consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Trust - ACES	<u>\$29,632</u>	<u>\$111,788</u>

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(3) INVESTMENTS

At June 30, 2020 and 2019, the Association's cash was invested in a money market and an interest-bearing account.

(4) DESIGNATED NET POSITION

The Association has designated certain funds as restricted by the Board of Directors.

At the May 2017 Board of Directors meeting, the board unanimously approved a transfer from surplus of \$225,000 into the Building Needs Fund to replace the chiller, which was not replaced during the renovation of the headquarters in 2010. In addition, in November 2018, the Board of Directors approved a transfer of \$100,000 from the operating fund for future needs. During 2018-2019, a total of \$35,968 was spent on the chiller, as well as a Honeywell server upgrade, and the exterior of the headquarters was painted. During 2019-2020, a total of \$66,430 was spent on heating and air conditioning improvements, software upgrades, a water booster pump, and a new portal to enhance our capabilities to provide online training. These expenditures resulted in the Building Needs Fund having a balance of \$32,149 as of June 30, 2020.

The Board of Directors approved a one-time expenditure not to exceed \$500,000 from the free balance to a Future Ready Technology Fund to replace/upgrade elements of the Association's technological infrastructure. During 2018-2019, funds were used for the Office 365 installation and for the purchase of new video equipment. Also, \$100,000 was transferred to a new fund. During 2019-2020 funds were expended for the Office 365 SharePoint Online and OneDrive installation and for the purchase of new video equipment in the conference rooms, leaving a balance of \$92,343 at June 30, 2020.

The AMS Fund was established in January 2019 for the purpose of upgrading or replacing our current Association Management System. In addition to a \$100,000 transfer from the Future Ready Fund, \$234,688 was approved by the Board of Directors' and transferred from the operating fund. This entire appropriation was used to pay Cobalt, the company selected by the staff task force to replace our former Association Management System (AMS), and the new Cobalt system was launched in January 2020.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(5) PROPERTY AND EQUIPMENT - GROSS

Property and equipment are summarized as follows for June 30:

	<u>2020</u>	<u>2019</u>
Property and Equipment:		
Land in Hamilton, NJ	\$ 1,686,534	\$ 1,686,534
Land in Trenton, NJ	139,040	139,040
Building and Improvements	10,636,633	10,625,568
Furniture and Fixtures	747,938	672,353
Computer Hardware and Software	969,911	761,132
Office Equipment	230,165	191,879
Telephone System	38,907	38,907
Vehicles	59,669	59,669
Total Property and Equipment	<u>\$ 14,508,797</u>	<u>\$ 14,175,082</u>
	<u>2020</u>	<u>2019</u>
Accumulated Depreciation and Amortization		
Building and Improvements	\$ 5,175,732	\$ 4,903,014
Furniture and Fixtures	633,269	562,254
Computer Hardware and Software	671,366	500,144
Office Equipment	147,386	127,359
Telephone System	38,907	38,907
Vehicles	59,669	53,669
Total Accumulated Depreciation and Amortization	<u>6,726,329</u>	<u>6,191,347</u>
Property and Equipment, Net	<u>\$ 7,782,468</u>	<u>\$ 7,983,735</u>

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS

Deferred Compensation Plan

The Association's deferred compensation program is offered to all Association employees. The program was created in accordance with Sections 403(b) and 457 of the Internal Revenue Code. The program is offered by the Association through two program administrators, The Variable Annuity Life Insurance Company ("VALIC") and The Metropolitan Life Insurance Company ("Metlife"). Amounts deferred under this plan are to be held for the exclusive benefit of participating employees and are not accessible by the Association or its creditors.

The Association has a Deferred Compensation Plan pursuant to Section 403(b) of the Internal Revenue Code. The Association does not contribute to the Plan. All amounts deferred under the 403(b) plan are the property of the employee.



NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was 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 board or public agency provided the employee is not a member of another state-administered retirement system.

Subsequent legislation has changed the enrollment and retirement criteria for PERS members enrolled as of certain dates and defined them as tiers in the following manner:

Tier 1 – Members who were enrolled prior to July 1, 2007

Tier 2 – Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008

Tier 3 - Members who were eligible to enroll on or after November 2, 2008 and on or before May 21, 2010

Tier 4 - Members who were eligible to enroll after May 21, 2010 and before June 28, 2011

Tier 5 - Members who were eligible to enroll on or after June 28, 2011

The minimum retirement age requirement for PERS members is age 60 for Tier 1 and Tier 2 members, age 62 for Tier 3 and Tier 4 members, and age 65 for Tier 5 members. The formula to calculate the maximum annual pension for Tier 1, Tier 2, and Tier 3 is:

$$\frac{\text{Years of Service}}{55} \times \text{Final Annual Average Salary} = \text{Retirement Allowance}$$

The formula to calculate the maximum annual pension for Tier 4 and Tier 5 is:

$$\frac{\text{Years of Service}}{60} \times \text{Final Annual Average Salary} = \text{Retirement Allowance}$$

Final Average Salary for Tier 1, Tier 2, and Tier 3 members means the average salary for the 36 months immediately preceding retirement. For Tier 4 and Tier 5 members the Final Average Salary is the average of their salary for the last 60 months immediately preceding retirement.

The Association made contributions of \$672,721 and \$739,587 to PERS for the fiscal years ended June 30, 2020 and 2019, respectively.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” which requires the State of New Jersey to calculate and allocate, the unfunded net pension liability of Public Employees Retirement System (PERS) of the Association as of June 30, 2020. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Public Employees Retirement System (PERS)

At June 30, 2019, the State reported a net pension liability of \$12,397,525 for the Association's proportionate share of the total net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Association's proportion of the net pension liability was based on a projection of the Association's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Association's proportion was 0.0688044885 percent, which was a decrease of .00051294715 percent from its proportion measured as of June 30, 2018.

Funding Policy for PERS

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by legislation. Chapter 78, P.L. 2011 provided for an increase in the employee contribution rates: from 5.5 percent to 6.5 percent plus an additional 1 percent phased-in over seven years beginning in the first year, meaning after 12 months, after the bill's effective date for PERS which was June 28, 2011. PERS provides for employee contributions of above mentioned percentages of employees' annual compensation, as defined. The Association is required to contribute at an actuarially determined rate to PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

Funding Policy for PERS (Continued)

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$658,702 for the Association's proportionate share of the total pension expense. The pension expense recognized in the Association's financial statement based on the April 1, 2020 billing was \$669,265.

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 54,767	\$ 222,519
Change of assumptions	4,303,142	1,237,938
Net difference between projected and actual earnings on pension plan investments	195,700	--
Changes in proportion and differences between Association contributions and proportionate share contributions	983,629	699,568
Contributions subsequent to the measurement date	<u>--</u>	<u>334,632</u>
	<u>\$5,537,238</u>	<u>\$2,494,657</u>

Other local amounts reported by the State as the Association's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2020	\$ (414,796)
2021	(1,218,105)
2022	(1,093,779)
2023	(543,722)
2027	<u>(103,811)</u>
	<u>(\$3,377,213)</u>

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75 Percent	2.25 Percent
Salary Increases (based on age)		
Though 2026	2.00-6.00 Percent	1.65-4.15 Percent
Thereafter	3.00-7.00 Percent	2.65-5.15 Percent
	Based on Years of Service	Based on Age
Investment Rate of Return	7.00 Percent	7.00 percent

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 and 7.00 at June 30, 2018) 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 the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018, respectively, based on 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. 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 made based on 70% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Association's share of net pension liability to changes in the discount rate

The following presents the Association's proportionate share of the net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the Association's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
Association's proportionate share of the pension liability	\$15,769,031	\$12,397,525	\$9,715,474

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

## NEW JERSEY SCHOOL BOARDS ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

#### (7) EMPLOYEE HEALTH INSURANCE

##### Contributions by Employees

Participating Association staff members contribute from 10 percent to 35 percent of the total premium cost. In the same law (Chapter 78, P.L. 2011) referred to above in the Funding Policy for PERS section, health care contributions are incrementally changing over time, effective June 28, 2011. This change is determined by type of coverage: single, family, member/spouse/partner/child coverage, and by salary.

In 2020 and 2019, the Association paid \$982,880 and \$987,745 for staff health care premiums. This was offset by contributions of \$241,443 and \$236,789, or 24.5 percent and 24.0 percent, respectively.

#### (8) POST RETIREMENT HEALTH INSURANCE

The Association provides post-retirement health benefits to employees who retired with 25 years or more of service within the system by December 1, 2001. Employees with ten (10) or more years of service may also qualify for benefits under the Disability Retirement Provisions of the Plan. Currently eleven retirees meet this requirement and are receiving benefits. In addition, one current employee is eligible upon their retirement.

##### Plan Description

The Association contributes to the State Health Benefits Program (SHBP), a cost sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

## NEW JERSEY SCHOOL BOARDS ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(8) POST RETIREMENT HEALTH INSURANCE (CONTINUED)

Funding Policy

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Association on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Association's contributions to the SHBP for the years ended June 30, 2020 and 2019 were \$60,905 and \$79,156, respectively, which equaled the required contributions for each year. Additionally, the Association reimbursed eleven retirees for Part B Federal Medicare premiums, for a cost of \$27,688 and \$26,365 for the years ended June 30, 2020 and 2019, respectively.

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS  
OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the Association has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health and prescription coverage.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.



NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS  
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Contributions

The Association's contributions to SHBP for the years ended June 30, 2019, 2018 and 2017 were \$79,156, \$111,122, and \$115,845, respectively, which equaled the required contributions for each year.

Total OPEB Liability

At June 30, 2019, the Plan reported a liability of \$1,332,392 for the Association's proportionate share of the collective net OPEB liability. The total Net OPEB liability measured as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The Association's proportion of the OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019.

At June 30, 2019, the Association's proportion was 0.0009836 percent, which was a decrease of 0.058721 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State reported an OPEB benefit of \$1,903,332. This OPEB benefit was based on the OPEB plan's June 30, 2019 measurement date.

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$1,098	\$389,643
Changes of assumptions		472,170
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion		12,935,614
Association contributions subsequent to the measurement date		
	<u>\$1,098</u>	<u>\$13,797,427</u>

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS  
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

The \$1,098 reported as deferred outflows of resources related to OPEB resulting from Association contributions subsequent to the measurement date (i.e. for the year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020.

Other local amounts reported by the State as the Association's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2020	\$(2,727,306)
2021	(2,727,306)
2022	(2,727,306)
2023	(2,727,306)
2024	(2,727,306)
Thereafter	<u>(159,138)</u>
	<u><u>\$(13,795,668)</u></u>

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.50 Percent	2.50 Percent
Salary Increases (based on age)		
Though 2026	2.00-6.00 Percent	1.65-8.98 Percent
Thereafter	3.00-7.00 Percent	2.65-9.98 Percent

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS  
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Mortality:  
PERS

Pub-2010 General classification headcount weighted  
mortality with fully generational mortality improvement  
projections from the central year using scale MP-2019

\* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. 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.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS  
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the Association's Proportionate Share of the OPEB Liability to Changes in  
the Discount Rate

The following presents the OPEB liability associated with the Association as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the OPEB liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease <u>2.50%</u>	At Current Discount Rate <u>3.50%</u>	1% Increase <u>4.50%</u>
Association's proportionate share of the OPEB liability	\$1,540,584	\$1,332,392	\$1,163,208

Sensitivity of the Association's Proportionate Share of the OPEB Liability to Changes in  
Healthcare Trends

The following presents the total OPEB liability associated with the Association as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Association's proportionate share of the Net OPEB liability	\$1,540,584	\$1,332,392	\$1,163,208

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

## NEW JERSEY SCHOOL BOARDS ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

#### (10) LEASES

##### Operating Leases

The Association currently leases various equipment under non-cancelable operating lease agreements expiring on various dates through June 30, 2021. Future minimum lease payments under all non-cancelable operating leases as of June 30, 2020 are as follows:

	<u>Amounts</u>
Year Ending June 30:	
2021	\$16,321
Thereafter	<u>-</u>
Total	<u>\$16,321</u>

Total rent expenses, inclusive of usage charges on leased equipment, included as a charge to operations, amounted to \$38,441 and \$40,331 in 2020 and 2019, respectively.

#### (11) RELATED ORGANIZATION

The Electric Discount and Energy Competition Act of 1999 designated the New Jersey School Boards Association ("NJSBA") as a "governmental aggregator" for school district purchasing of deregulated electricity and gas. The New Jersey School Boards Association, the New Jersey Association of School Business Officials ("NJASBO"), and the New Jersey Association of School Administrators ("NJASA") signed a formal agreement to co-sponsor the Alliance for Competitive Energy Services, ("ACES") for local school district joint purchasing of electricity and other energy services on the open market. Because of the legal designation of "governmental aggregator", NJSBA is prohibited from realizing excess revenues in its role as a sponsor of ACES. The financial records of ACES are maintained on a calendar-year basis and are subject to independent audit.

Gable Associates of Highland Park, New Jersey, an energy environmental and public utility consulting firm, is under contract to perform the administrative functions of ACES. All fees due to Gable Associates are contingent upon the successful performance of the Alliance in securing and delivering discounted energy.

The NJSBA, NJASBO, and NJASA formed a Trust that agreed to share equally the direct administrative costs and expenses that were incurred by ACES during the startup process.

## NEW JERSEY SCHOOL BOARDS ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(12) USE OF SURPLUS

The balance of the Future Ready Technology Replacement Fund as of June 30, 2019 was \$181,508. During the current year, funds in the amount of \$89 thousand were used for the Office 365 SharePoint Online and OneDrive installation and for the purchase of new video equipment for the conference rooms, leaving a balance of \$92,343 at June 30, 2020. The balance of the AMS Fund as of June 30, 2019 was \$178,121 and \$-0- as of June 30, 2020. This fund was originally established in January 2019 for the purpose of upgrading the Association Management System, and in January 2020 a cloud-based system offered by Cobalt was launched, an Arlington Virginia-based company that specializes in systems for associations. The Building Needs Fund spent \$42 thousand on heating and air conditioning improvements, \$5 thousand on a water booster pump, \$14 thousand on a software upgrade, and \$5 thousand on a new portal to enhance our capabilities to provide online training courses. These improvements left a remaining balance in this fund of \$32,149 as of June 30, 2020.

(13) COMMITMENTS AND CONTINGENCIES

In the opinion of management, claims or lawsuits incidental to the business of the Association have been adequately provided for in the financial statements.

(14) FUTURE COMMITMENTS

The Association has entered into contracts with vendors and facilities for extending into the future. The values of these contracts at June 30, 2020 are \$246,000.

(15) SUBSEQUENT EVENTS

The Association has evaluated subsequent events occurring after the financial statement date through November 10, 2020 which is the date the financial statements were available to be issued. Based on this evaluation, the Association has determined that no subsequent events have occurred which require disclosure in the financial statements.

## **SUPPLEMENTARY INFORMATION**

NEW JERSEY SCHOOL BOARDS ASSOCIATION  
SCHEDULE OF THE ASSOCIATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Association's</u> <u>Proportionate Share</u> <u>of the Net Pension</u> <u>Liability (Asset)</u>	<u>Association's</u> <u>Proportionate</u> <u>Share of</u> <u>the Net Pension</u> <u>Liability (Asset)</u>	<u>Association's</u> <u>Covered-Employee</u> <u>Payroll</u>	<u>Association's</u> <u>Proportion Share</u> <u>of the Net Pension</u> <u>Liability (Asset)</u> <u>as a percentage</u> <u>of it's Covered-</u> <u>Employee Payroll</u>	<u>Plan Fiduciary</u> <u>Net Position</u> <u>as a percentage</u> <u>of the total</u> <u>Pension Liability</u>
2014	0.0627282930%	\$ 11,744,452	\$ 4,519,279	259.87%	40.71%
2015	0.0675394347%	\$ 15,161,250	\$ 4,614,496	328.56%	42.74%
2016	0.0694470870%	\$ 20,568,235	\$ 5,032,005	408.75%	40.14%
2017	0.0732177222%	\$ 17,043,915	\$ 5,088,478	334.95%	36.78%
2018	0.0739339600%	\$ 14,557,228	\$ 4,980,783	292.27%	40.45%
2019	0.0688044885%	\$ 12,397,525	\$ 5,023,158	246.81%	56.27%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.



NEW JERSEY SCHOOL BOARDS ASSOCIATION  
SCHEDULE OF THE ASSOCIATION'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Association's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2014	\$ 517,123	\$ 517,123	\$ -0-	\$ 4,519,279	11.44%
2015	\$ 580,658	\$ 580,658	\$ -0-	\$ 4,614,496	12.58%
2016	\$ 616,958	\$ 616,958	\$ -0-	\$ 5,032,005	12.26%
2017	\$ 678,284	\$ 678,284	\$ -0-	\$ 5,088,478	13.33%
2018	\$ 735,404	\$ 735,404	\$ -0-	\$ 4,980,783	14.76%
2019	\$ 669,265	\$ 669,265	\$ -0-	\$ 5,023,158	13.32%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

NEW JERSEY SCHOOL BOARDS ASSOCIATION  
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)  
NOTE TO RSI III  
FOR THE YEAR ENDED JUNE 30, 2020

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.87%) to the current measurement date (3.50%), resulting in a change in the discount rate from 5.66% to 6.28%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

NEW JERSEY SCHOOL BOARDS ASSOCIATION  
SCHEDULE OF THE ASSOCIATION'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN  
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Authority's</u> <u>Proportion Share</u> <u>of the Net OPEB</u> <u>Liability</u>	<u>Authority's</u> <u>Proportionate</u> <u>Share of</u> <u>the Net OPEB</u> <u>Liability (Asset)</u>	<u>Authority's</u> <u>Covered-Employee</u> <u>Payroll</u>	<u>Authority's</u> <u>Proportion Share</u> <u>of the Net OPEB</u> <u>Liability (Asset)</u> as a percentage of it's Covered- <u>Employee Payroll</u>	<u>Plan Fiduciary</u> <u>Net Position</u> as a percentage of the total <u>OPEB Liability</u>
2017	0.0070532%	\$ 14,399,664	\$ 5,088,478	282.99%	1.03%
2018	0.0685570%	\$ 10,740,563	\$ 4,980,783	215.64%	1.97%
2019	0.0098360%	\$ 1,332,392	\$ 5,023,158	26.52%	1.98%

47 Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

NEW JERSEY SCHOOL BOARDS ASSOCIATION  
SCHEDULE OF THE ASSOCIATION'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Authority's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2017	\$ 306,728	\$ 306,728	\$ -0-	5,088,478	6.03%
2018	\$ 325,470	\$ 325,470	\$ -0-	4,980,783	6.53%
2019	\$ 38,387	\$ 38,387	\$ -0-	5,023,158	0.76%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

NEW JERSEY SCHOOL BOARDS ASSOCIATION  
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OPEB (GASB 75)  
NOTE TO RSI III  
FOR THE YEAR ENDED JUNE 30, 2020

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The discount rate changed from 3.87% to 3.50% as of  
June 30, 2019.



