

Report of Audit
on the
Financial Statements
of the
New Jersey School
Boards Association
for the
Years Ended
June 30, 2021 and 2020



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Annual
Financial Report

of the

New Jersey School Boards Association

for the

Years Ended

June 30, 2021 and 2020

Prepared by

New Jersey School Boards Association

Finance Department

NEW JERSEY SCHOOL BOARDS ASSOCIATION

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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

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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, 2021 and 2020, 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, 2021 and 2020, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2022 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.

March 9, 2022

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SUPLEE, CLOONEY & COMPANY

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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, 2021, 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 March 9, 2022.

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.

March 9, 2022

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive, flowing 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, 2021, and June 30, 2020. 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, 2021 and 2020. 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, 2021 were \$15.8 million, a decrease of \$428 thousand from the prior year's total assets of \$16.2 million. The change was comprised of a decrease in cash of \$57 thousand, an increase in net accounts receivable of \$43 thousand, and a reduction in property, plant, and equipment and other assets of \$359 thousand, due to depreciation and amortization of these assets of \$506 thousand, offset by property additions of \$92 thousand and an increase in prepaid expenses of \$55 thousand. Additionally, there was a decrease in deferred outflow of resources of \$55 thousand 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 \$1.4 million in 2021 and \$1.7 million in 2020, where a reduction in Workshop deposits and accounts payable were offset by an increase in our accrued vacation liability due to the impact of COVID-19 and employees' use of their earned vacation. Net pension liabilities decreased \$612 thousand and net OPEB liabilities increased \$562 thousand, and deferred inflow of resources decreased by \$1.8 million due to unfavorable market investment assumptions.

Membership dues and programs remained flat compared to 2020 as a result of no increases in the dues, while net membership expenditures decreased by \$122 thousand due to less travel resulting from COVID-19 restrictions.

Overhead expenditures decreased \$198 thousand in 2020-2021. Salaries and benefits decreased by \$116 thousand due to several extended vacancies. Pension and OPEB expense – non-cash portion, decreased to \$1.8 million from \$1.9 million in 2020. The State of New Jersey, Division of Pension and Benefits provides these amounts to us.

The October 2020 net Workshop accounts resulted in an overall decrease of 43.5% compared to the October 2019 Workshop. This decrease is a direct result of hosting a virtual Workshop due to COVID-19 restrictions.

Net Fee-Based Services accounted for \$45 thousand, or 11.6%, more than the previous year of \$389 thousand. BoardDocs E-Governance subscriptions contributed to this increase, as well as an increase of \$34K in revenues from Superintendent Searches.

Net conference receipts and expenditures increased \$75K, or 98.3% from the previous year, resulting from the high level of registrations and sponsorships at the Spring Symposium.

Net iSTEAM and Sustainability revenues increased by \$5k. This increase was driven by the receipt of a STEAM-related grant in 2021.

Miscellaneous Revenue increased by 25.9%. The largest contributor to this increase was attributable to TEC (Technology for Careers and Education) fees of \$203 thousand.

Investment income decreased 91.3% due to lower interest rates earned on our available cash balance, partially caused by the impact of COVID-19.

Unrestricted cash and Investments of \$5.5 million was \$57 thousand lower in 2021 than in 2020 primarily as 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 \$28 thousand in 2021 and \$(514) thousand in 2020. Cash flows used in investing activities were \$85 thousand in 2021 versus \$244 thousand in 2020. 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 \$11.8 million and \$12.4 million – shown within long-term liabilities – is a significant amount at June 30, 2021 and 2020, 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. The net OPEB liability was \$1.9 million and \$1.3 million – shown within long-term liabilities at June 30, 2021 and 2020, respectively. Footnotes 1, 8 and 9 explain the OPEB plan accounting in detail based on 11 plan members.

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, 2020 was \$92 thousand. During the current year, funds totaling \$45 thousand were invested in enhancements to our Association Management System (Cobalt), and additional capital investments included: \$8 thousand on a new phone system, \$7 thousand for new IT equipment, and \$8 thousand for improvements to our video security system. The remaining balance at June 30, 2021 was \$47 thousand. The Building Needs Allocation Fund spent \$7 thousand on heating and air conditioning improvements, \$27 thousand on a vehicle, and \$13 thousand on furniture, office equipment and computers. Including \$165 thousand of Board-approved transfers to replenish this fund at its November 2020 and May 2021 meetings, these improvements left a remaining balance in this fund of \$150 thousand as of June 30, 2021.

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>2021</u>	<u>2020</u>	<u>Dollars</u>	<u>%</u>	<u>2019</u>
Assets and Deferred Outflow of Resources					
Cash and Cash Equivalents	\$ 5,495,909	\$ 5,553,064	\$ (57,155)	-1.0%	\$ 6,311,567
Accounts Receivable - Net	187,319	143,830	43,489	30.2%	153,768
Property, Plant and Equipment - Net	7,368,727	7,782,468	(413,741)	-5.3%	7,983,735
Other Assets	266,444	211,664	54,780	25.9%	202,297
Deferred Outflow of Resources	2,440,055	2,495,755	(55,700)	-2.2%	4,604,847
Total Assets and Deferred Outflow of Resources	<u><u>\$ 15,758,454</u></u>	<u><u>\$ 16,186,781</u></u>	<u><u>\$ (428,327)</u></u>	<u><u>-2.6%</u></u>	<u><u>\$ 19,256,214</u></u>
Liabilities and Deferred Inflow of Resources					
Current Liabilities	\$ 1,395,795	\$ 1,722,332	\$ (326,537)	-19.0%	\$ 3,001,009
Long-Term Liabilities	13,680,145	13,729,917	(49,772)	-0.4%	25,297,790
Total Liabilities	<u>15,075,940</u>	<u>15,452,249</u>	<u>(376,309)</u>	<u>-2.4%</u>	<u>28,298,799</u>
Deferred Inflow of Resources	17,511,108	19,334,665	(1,823,557)	-9.4%	11,348,235
Net Position					
Board Designated	196,900	124,492	72,408	58.2%	458,208
Unrestricted - Undesignated	4,356,977	4,396,366	(39,389)	-0.9%	4,022,975
Unrestricted - Net Pension Liability	(15,512,537)	(15,774,738)	262,201	-1.7%	(15,785,299)
Unrestricted - OPEB Liability	(13,238,661)	(15,128,721)	1,890,060	-12.5%	(17,070,439)
Net Investment in Facilities	7,368,727	7,782,468	(413,741)	-5.3%	7,983,735
Restricted	<u>0</u>	<u>0</u>	<u>-</u>	<u>-</u>	<u>0</u>
Total Net Position	<u>(16,828,594)</u>	<u>(18,600,133)</u>	<u>1,771,539</u>	<u>-9.5%</u>	<u>(20,390,820)</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u><u>\$ 15,758,454</u></u>	<u><u>\$ 16,186,781</u></u>	<u><u>\$ (428,327)</u></u>	<u><u>-2.6%</u></u>	<u><u>\$ 19,256,214</u></u>

NEW JERSEY SCHOOL BOARDS ASSOCIATION

CONDENSED FINANCIAL STATEMENTS

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

	June 30		Variance		
	2021	2020	Dollars	%	2019
Membership Dues	\$ 7,112,092	\$ 7,112,091	\$ 1	0.0%	\$ 7,112,092
Membership Programs	291,087	304,220	(13,133)	-4.3%	297,051
Total Memberships	<u>7,403,179</u>	<u>7,416,311</u>	<u>(13,132)</u>	<u>-0.2%</u>	<u>7,409,143</u>
Membership Expenditures:					
Committees	9,645	59,008	(49,363)	-83.7%	66,634
Conferences	10,318	22,755	(12,437)	-54.7%	40,605
Membership Services & Programs	152,514	171,518	(19,004)	-11.1%	192,869
Publications included with Memberships, Net	34,808	15,336	19,472	127.0%	19,771
Travel & Liaison	19,952	80,742	(60,790)	-75.3%	129,256
Total Memberships Expenditures	<u>227,237</u>	<u>349,359</u>	<u>(122,122)</u>	<u>-35.0%</u>	<u>449,135</u>
Overhead:					
Salaries	5,796,368	5,911,984	(115,616)	-2.0%	5,713,115
Personnel Administration & Training	2,127,535	2,107,174	20,361	1.0%	2,118,608
Pension Expense - non-cash portion	0	(10,561)	10,561	-100.0%	378,520
Headquarters Housing	379,668	391,362	(11,694)	-3.0%	391,807
Amortization & Depreciation Expense	506,334	534,982	(28,648)	-5.4%	480,167
Insurance	95,541	89,113	6,428	7.2%	89,173
Office Expense	358,909	438,667	(79,758)	-18.2%	292,582
Total Overhead Expenditures	<u>9,264,355</u>	<u>9,462,721</u>	<u>(198,366)</u>	<u>-2.1%</u>	<u>9,463,972</u>
Net Memberships	(2,088,413)	(2,395,769)	307,356	-12.8%	(2,503,964)
Workshop Receipts	977,560	2,388,469	(1,410,909)	-59.1%	2,246,386
Workshop Expenditures	164,564	949,049	(784,485)	-82.7%	895,942
Net Workshop	<u>812,996</u>	<u>1,439,420</u>	<u>(626,424)</u>	<u>-43.5%</u>	<u>1,350,444</u>
Fee Based Service Receipts	932,274	766,047	166,227	21.7%	675,506
Fee Based Service Expenditures	498,376	377,347	121,029	32.1%	318,214
Net Fee Based Services	<u>433,898</u>	<u>388,700</u>	<u>45,198</u>	<u>11.6%</u>	<u>357,292</u>
Conference Receipts	152,156	86,741	65,415	75.4%	239,880
Conference Expenditures	0	10,007	(10,007)	-100.0%	42,774
Net Conferences	<u>152,156</u>	<u>76,734</u>	<u>75,422</u>	<u>98.3%</u>	<u>197,106</u>
Net Publications	26,473	34,238	(7,765)	-22.7%	23,445
Net iSTEAM & Sustainability	15,249	10,460	4,789	45.8%	5,380
Net Miscellaneous Receipts	259,106	205,852	53,254	25.9%	156,478
Net OPEB Adjustment	2,152,261	1,941,718	210,543	10.8%	134,243
Investment Income	7,813	89,334	(81,521)	-91.3%	127,286
Net Income (Loss)	1,771,539	1,790,687	(19,148)	1.1%	(152,290)
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ (16,828,594)</u>	<u>\$ (18,600,133)</u>	<u>\$ 1,771,539</u>	<u>9.5%</u>	<u>\$ (20,390,820)</u>

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BASIC FINANCIAL STATEMENTS

NEW JERSEY SCHOOL BOARDS ASSOCIATION

STATEMENTS OF NET POSITION

JUNE 30, 2021 AND 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and Cash Equivalents	\$ 5,429,687	\$ 5,523,432
Cash - Restricted	66,222	29,632
Accounts Receivable	187,319	143,830
Prepaid Expenses	266,444	211,664
<u>Total Current Assets</u>	<u>5,949,672</u>	<u>5,908,558</u>
Fixed Assets:		
Land for HQ	1,686,534	1,686,534
Land	139,040	139,040
Building and Building Improvements	10,636,633	10,636,633
Furniture and Fixtures	1,004,074	978,103
Computer Hardware and Software	1,001,090	969,911
Telephone System	47,026	38,907
Automobiles	50,764	59,669
	<u>14,565,161</u>	<u>14,508,797</u>
Less: Accumulated Depreciation and Amortization	<u>(7,196,434)</u>	<u>(6,726,329)</u>
<u>Net Fixed Assets</u>	<u>7,368,727</u>	<u>7,782,468</u>
<u>Total Assets</u>	<u>13,318,399</u>	<u>13,691,026</u>
<u>Deferred Outflow of Resources</u>		
Pension Related	1,965,242	2,494,657
OPEB Related	474,813	1,098
	<u>2,440,055</u>	<u>2,495,755</u>
<u>TOTAL ASSETS AND</u> <u>DEFERRED OUTFLOW OF RESOURCES</u>	<u>\$ 15,758,454</u>	<u>\$ 16,186,781</u>

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

NEW JERSEY SCHOOL BOARDS ASSOCIATIONSTATEMENTS OF NET POSITIONJUNE 30, 2021 AND 2020

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		<u>2021</u>	<u>2020</u>
Current Liabilities:			
Accounts Payable & Accrued Expenses	\$	365,710	\$ 735,736
Unearned Revenue		374,533	415,304
Accrued Vacation Payable		655,552	571,292
<u>Total Current Liabilities</u>		<u>1,395,795</u>	<u>1,722,332</u>
Long-term Liabilities:			
Net Pension Liability		11,785,521	12,397,525
Net OPEB Liability		1,894,624	1,332,392
<u>Total Long-term Liabilities</u>		<u>13,680,145</u>	<u>13,729,917</u>
<u>Total Liabilities</u>		<u>15,075,940</u>	<u>15,452,249</u>
<u>Deferred Inflow of Resources</u>			
Pension Related		5,692,258	5,537,238
OPEB Related		11,818,850	13,797,427
		<u>17,511,108</u>	<u>19,334,665</u>
<u>Net Position</u>			
Unrestricted - Board Designated:			
Building Needs Allocation		149,902	32,149
Future Ready Technology Replacement		46,998	92,343
Total Unrestricted - Board Designated		<u>196,900</u>	<u>124,492</u>
Unrestricted - Undesignated		4,356,977	4,396,366
Unrestricted - Net Pension Liability		(15,512,537)	(15,774,738)
Unrestricted - OPEB Liability		(13,238,661)	(15,128,721)
Net Investment in Capital Assets		7,368,727	7,782,468
Restricted		-	-
<u>Total Net Position</u>		<u>(16,828,594)</u>	<u>(18,600,133)</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</u>	\$	<u>15,758,454</u>	\$ <u>16,186,781</u>

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

EXHIBIT B

NEW JERSEY SCHOOL BOARDS ASSOCIATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Membership Dues	\$ 7,112,092	\$ 7,112,091
Membership Programs	291,087	304,220
Total Memberships	<u>7,403,179</u>	<u>7,416,311</u>
Membership Expenditures:		
Committees	9,645	59,008
Conferences	10,318	22,755
Membership Services & Programs	152,514	171,518
Publications included with Memberships, Net	34,808	15,336
Travel & Liaison	19,952	80,742
Total Memberships Expenditures	<u>227,237</u>	<u>349,359</u>
Overhead:		
Salaries	5,796,368	5,911,984
Personnel Administration & Training	2,127,535	2,107,174
Pension Expense non-cash portion	-	(10,561)
Headquarters Housing	379,668	391,362
Amortization & Depreciation Expense	506,334	534,982
Insurance	95,541	89,113
Office Expense	358,909	438,667
Total Overhead Expenditures	<u>9,264,355</u>	<u>9,462,721</u>
Net Memberships	<u>(2,088,413)</u>	<u>(2,395,769)</u>
Workshop Receipts	977,560	2,388,469
Workshop Expenditures	164,564	949,049
Net Workshop	<u>812,996</u>	<u>1,439,420</u>
Fee Based Service Receipts	932,274	766,047
Fee based Service Expenditures	498,376	377,347
Net Fee Based Services	<u>433,898</u>	<u>388,700</u>
Conference Receipts	152,156	86,741
Conference Expenditures	-	10,007
Net Conferences	<u>152,156</u>	<u>76,734</u>
Net Publications	26,473	34,238
Net iSTEAM & Sustainability	15,249	10,460
Net Miscellaneous Receipts	259,106	205,852
Net PERS and OPEB Adjustment	<u>2,152,261</u>	<u>1,941,718</u>
Net Operating Income (Loss)	1,763,726	1,701,353

EXHIBIT B

NEW JERSEY SCHOOL BOARDS ASSOCIATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Investment Income	<u>7,813</u>	<u>89,334</u>
Net Income (Loss)	<u>1,771,539</u>	<u>1,790,687</u>
Net Position, Beginning of Year	<u>(18,600,133)</u>	<u>(20,390,820)</u>
Net Position, End of Year	\$ <u>(16,828,594)</u>	\$ <u>(18,600,133)</u>

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

EXHIBIT CNEW JERSEY SCHOOL BOARDS ASSOCIATIONSTATEMENTS OF CASH FLOWFOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Collections from Customers	\$ 9,782,918	\$ 10,172,471
Payments to Vendors and Employees	<u>(9,755,294)</u>	<u>(10,686,593)</u>
Net Cash Provided (Used) by Operating Activities	<u>27,624</u>	<u>(514,122)</u>
Cash Flows from Investing Activities:		
Purchases of Equipment	(92,592)	(333,715)
Investment Income	<u>7,813</u>	<u>89,334</u>
Net Cash Used in Investing Activities	<u>(84,779)</u>	<u>(244,381)</u>
Net Change in Cash and Cash Equivalents	(57,155)	(758,503)
Cash and Cash Equivalents, Beginning of Year	<u>5,553,064</u>	<u>6,311,567</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,495,909</u>	<u>\$ 5,553,064</u>
Reconciliation of Operating Income to:		
Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,763,726	\$ 1,701,353
Depreciation	375,498	439,725
Amortization	130,836	95,257
Pension (Income) Expense		(10,561)
OPEB Adjustment	(2,152,261)	(1,941,718)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(43,489)	9,938
Prepaid Expenses	(54,779)	(9,367)
Accounts Payable and Accrued Expenses	(35,394)	(141,994)
Other Liabilities	<u>43,487</u>	<u>(656,755)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 27,624</u>	<u>\$ (514,122)</u>

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

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(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, 2021 AND 2020

(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 requirements 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, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

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, 2020 is presented.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(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, 2021 AND 2020

(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.

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.

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.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(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>2021</u>	<u>2020</u>
Trust - ACES	<u>\$66,222</u>	<u>\$29,632</u>

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(3) INVESTMENTS

At June 30, 2021 and 2020, 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.

During 2019-2020, a total of \$66,430 of the Building Needs Allocation Fund was spent on heating and air conditioning improvements, software upgrade, a water booster pump, and a new portal to enhance Association's capabilities to provide online training.

At the November 2020 and May 2021 Board of Directors meetings, the board approved transfers from the operating fund totaling \$165,000 for future needs. During 2020-2021 a total of \$47,247 was spent on new office furniture and equipment and a new Association vehicle, leaving a balance of \$149,902 at June 30, 2021.

The Board of Directors approved a one-time expenditure not to exceed \$500,000 from the free balance to the Future Ready Technology Fund to replace/upgrade elements of the Association's technological Infrastructure. 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, and an additional \$45,345 was spent in 2020-2021 for enhancements to our Association Management System (Cobalt), a new phone system and a new video security system. These expenditures resulted in the Future Ready Technology Fund having a balance of \$46,998 as of June 30, 2021.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(5) PROPERTY AND EQUIPMENT - GROSS

Property and equipment are summarized as follows for June 30:

	<u>2021</u>	<u>2020</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	10,636,634	10,636,633
Furniture and Fixtures	767,351	747,938
Computer Hardware and Software	1,001,090	969,911
Office Equipment	236,721	230,165
Telephone System	47,026	38,907
Vehicles	50,764	59,669
Total Property and Equipment	<u>\$ 14,565,160</u>	<u>\$ 14,508,797</u>
	<u>2021</u>	<u>2020</u>
Accumulated Depreciation and Amortization		
Building and Improvements	\$ 5,448,114	\$ 5,175,732
Furniture and Fixtures	669,937	633,269
Computer Hardware and Software	839,156	671,366
Office Equipment	171,513	147,386
Telephone System	39,719	38,907
Vehicles	27,994	53,669
Total Accumulated Depreciation and Amortization	<u>7,196,433</u>	<u>6,726,329</u>
Property and Equipment, Net	<u>\$ 7,368,727</u>	<u>\$ 7,782,468</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, 2021 AND 2020

(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 \$790,610 and \$672,721 to PERS for the fiscal years ended June 30, 2021 and 2020, respectively.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

Accounting and Financial Reporting for Pensions – GASB #68

Public Employees Retirement System (PERS)

At June 30, 2020, the State reported a net pension liability of \$11,785,521 for the Local Unit's proportionate share of the total net pension liability. The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The Local Unit's proportion of the net pension liability was based on a projection of the Local Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Local Unit's proportion was 0.0722710650 percent, which was an increase of 0.0034665765 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the State recognized an actuarially determined pension expense of \$528,409 for the Local Unit's proportionate share of the total pension expense. The pension expense recognized in the Local Unit's financial statements based on the April 1, 2020 billing was \$669,265.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

Accounting and Financial Reporting for Pensions – GASB #68

Funding Policy for PERS (Continued)

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 214,595	\$ 41,679
Change of assumptions	382,336	4,934,709
Net difference between projected and actual earnings on pension plan investments	402,839	--
Changes in proportion and differences between Association contributions and proportionate share contributions	<u>965,472</u>	<u>715,870</u>
	<u>\$1,965,242</u>	<u>\$5,692,258</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>
2021	\$ (1,428,947)
2022	(1,298,366)
2023	(720,586)
2024	(261,660)
2025	<u>(17,467)</u>
	<u>(\$3,727,016)</u>

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. These actuarial valuations used the following assumptions:

	<u>June 30, 2020</u>
Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.00-6.00%
Thereafter	3.00-7.00%
	Based on
	Years of Service
Investment Rate of Return	7.00%

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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2021 AND 2020

(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 both June 30, 2020 and June 30, 2019) 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, 2020 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasury's	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(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 7.00% and 6.28% as of June 30, 2020 and June 30, 2019, respectively. 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 78% 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 to determine the total pension liability.

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

The following presents the Local Unit's proportionate share of the net pension liability of the participating employers as of June 30, 2020 respectively, calculated using the discount rate as disclosed above as well as what the Local Unit'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, 2020		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Association's proportionate share of the pension liability	\$14,836,004	\$11,785,521	\$9,197,102

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, 2021 AND 2020

(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 2021 and 2020, the Association paid \$918,661 and \$982,880 for staff health care premiums. This was offset by contributions of \$222,256 and \$241,443, or 24.1 percent and 24.5 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.

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, 2021 AND 2020

(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, 2021 and 2020 were \$63,669 and \$60,905, 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 \$29,580 and \$27,688 for the years ended June 30, 2021 and 2020, 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 municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the Association unit is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

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.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

Plan Description and Benefits Provided (Continued)

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.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(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, 2021, 2020 and 2019 were \$63,669, \$60,905, and \$79,156, respectively, which equaled the required contributions for each year.

Total Net OPEB Liability

At June 30, 2020, the Plan reported a liability of \$1,894,624 for the Association's proportionate share of the collective net OPEB liability. The total Net OPEB liability measured as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

The Association's proportion of the net 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, 2019 through June 30, 2020.

At June 30, 2020, the Association's proportion was 0.01055700 percent, which was a increase of 0.00072100 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the State reported a net OPEB benefit of \$1,870,487. This net OPEB benefit was based on the OPEB plan's June 30, 2020 measurement date.

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to net OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$49,903	\$352,814
Changes of assumptions	283,375	421,335
Net difference between projected and actual earnings on OPEB plan investments	1,203	
Changes in proportion	<u>140,332</u>	<u>11,044,701</u>
	<u>\$474,813</u>	<u>\$11,818,850</u>

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

Other 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>
2021	\$(2,282,719)
2022	(2,282,812)
2023	(2,282,961)
2024	(2,283,097)
2025	(2,250,3577)
Thereafter	<u>38,128</u>
	<u><u>\$(11,344,037)</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, 2020</u>	<u>June 30, 2019</u>
Inflation rate	2.50 Percent	2.50 Percent
Salary Increases:		
Public Employees Retirement System (PERS):		
Initial fiscal Year Applied		
Rate through 2026	2.00-6.00 Percent	2.00-6.00 Percent
Rate thereafter	3.00-7.00 Percent	3.00-7.00 Percent
Police and Firemen's Retirement System (PFRS):		
Rate for all future years	3.25-15.25 Percent	3.25-15.25 Percent

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

(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-2020
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2020

* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

Discount Rate

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, 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, 2021 AND 2020

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

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

The following presents the collective net OPEB liability associated with the Association as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net 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, 2020		
	1%	At Current	1%
	Decrease <u>1.21%</u>	Discount Rate <u>2.21%</u>	Increase <u>3.21%</u>
Association's proportionate share of the Net OPEB liability	\$2,239,846	\$1,894,624	\$1,621,350

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

The following presents the net OPEB liability associated with the Association as of June 30, 2020, 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, 2020		
	1%	Healthcare Cost	1%
	Decrease <u>1.21%</u>	Trend Rate <u>2.21%</u>	Increase <u>3.21%</u>
Association's proportionate share of the Net OPEB liability	\$1,567,803	\$1,894,624	\$2,322,600

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, 2021 AND 2020

(10) LEASES

Operating Leases

The Association leases various equipment under non-cancelable operating lease agreements that expired on various dates through June 30, 2021. There were no future minimum lease payments due under all non-cancelable operating leases as of June 30, 2021.

Total rent expenses, inclusive of usage charges on leased equipment, included as a charge to operations, amounted to \$12,835 and \$38,441 in 2021 and 2020, 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, 2021 AND 2020

(12) USE OF SURPLUS

The balance of the Future Ready Technology Replacement Fund as of June 30, 2020 was \$92,343. During the current year, funds in the amount of \$45 thousand were used for enhancement to our Association Management System (Cobalt), a new phone system and a new video security system, leaving a balance of \$46,998 as of June 30, 2021.

During 2020-2021 the board approved transfers from the operating fund surplus to the Building Needs Allocation Fund totaling \$165,000, and this fund spent \$47 thousand on new office furniture and equipment and a new Association vehicle. This resulted in a remaining balance of \$149,902 in the Building Needs Allocation Fund as of June 30, 2021.

(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 extending into the future. The values of these contracts at June 30, 2021 are \$246,000.

(15) SUBSEQUENT EVENTS

The Association has evaluated subsequent events occurring after the financial statement date through March 9, 2022, 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.

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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

Fiscal Year Ending June 30,	Association's Proportionate Share of the Net Pension Liability (Asset)	Association's Proportionate Share of the Net Pension Liability (Asset)	Association's Covered-Employee Payroll	Association's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
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%
2020	0.0722710650%	\$ 11,785,521	\$ 5,123,621	230.02%	58.32%

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

SCHEDULE "R-2"

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%
2020	\$ 790,609	\$ 790,609	\$ -0-	5,123,621	15.43%

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, 2021

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 (3.50%) to the current measurement date (2.21%), resulting in a change in the discount rate from 6.28% to 7.00%. 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

Fiscal Year Ending June 30,	Authority's Proportion Share of the Net OPEB Liability	Authority's Proportionate Share of the Net OPEB Liability (Asset)	Authority's Covered-Employee Payroll	Authority's	
				Proportion Share of the Net OPEB Liability (Asset)	Plan Fiduciary Net Position as a percentage of the total OPEB Liability
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%
2020	0.0105570%	\$ 1,894,624	\$ 5,123,621	36.98%	0.91%

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

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
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%
2020	\$ 34,565	\$ 34,565	\$ -0-	\$ 5,123,621	0.67%

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

SCHEDULE "S-3"

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, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The discount rate changed from 3.50% to 2.21% as of
June 30, 2020.

