

**SCHOOL DISTRICT  
OF  
PEQUANNOCK TOWNSHIP**

**Pequannock Township School District  
Board of Education  
Pequannock, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2021**

**Comprehensive Annual  
Financial Report**

**of the**

**Pequannock Township School District  
Board of Education**

**Pequannock, New Jersey**

**For the Fiscal Year Ended June 30, 2021**

**Prepared by**

**Pequannock Township School District  
Board of Education  
Business Office**

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2021

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal .....	1
Organizational Chart .....	5
Roster of Officials .....	6
Consultants and Advisors.....	7
 FINANCIAL SECTION.....	 8
Independent Auditors’ Report.....	9
Required Supplementary Information .....	12
Management’s Discussion and Analysis .....	13
Basic Financial Statements (Sections A. and B.).....	22
A. District-Wide Financial Statements.....	23
A-1 Statement of Net Position .....	24
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds .....	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds .....	30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	32
B-4 Statement of Net Position – Proprietary Funds.....	34
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds .....	35
B-6 Statement of Cash Flows – Proprietary Funds.....	36
Notes to the Basic Financial Statements.....	37
Required Supplementary Information .....	81
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits	
Other than Pensions .....	82
L-1 Schedule of District’s Proportionate Share of the Net Pension Liability - Public Employees Retirement System.....	82
L-2 Schedule of District Contributions – Public Employees Retirement System .....	83
L-3 Schedule of State’s Proportionate Share of the Net Pension Liability Attributable To the District - Teachers’ Pension and Annuity Fund .....	84
L-4 Schedule of State Contributions – Teacher’s Pension Annuity Fund .....	85
L-5 Schedule of Changes in the State’s Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios.....	86
Notes to Required Supplementary Information .....	87

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

FINANCIAL SECTION (Cont'd)

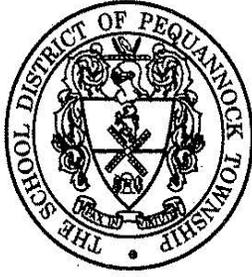
Other Supplementary Schedules (C.-I.)

C.	Budgetary Comparison Schedules .....	89
C-1	Budgetary Comparison Schedule – General Fund .....	90
C-2	Budgetary Comparison Schedule – Special Revenue Fund.....	104
C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information .....	105
D.	School Level Schedules (Not Applicable).....	107
E.	Special Revenue Fund .....	108
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	109
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund.....	112
F-1	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance .....	113
F-1a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Roof Replacement and Various Renovations at Hillview Elementary School.....	114
F-1b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Stephen J. Gerace Elementary School Window Replacement Project, Roof Repair and Security Infrastructure .....	115
F-1c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Pequannock High School Window Replacement, Generator and Security Infrastructure ...	116
F-1d	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Roof Replacement and Various Renovations at North Boulevard Elementary School.....	117
F-1e	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Roof Replacement and Various Renovations at Pequannock Valley Middle School.....	118
F-1f	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Bus, Maintenance Vehicle and Various Equipment .....	119
F-1g	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Energy Savings Improvement Program.....	120
F-1h	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Various 2021 Projects.....	121
G.	Proprietary Funds (Enterprise Fund) .....	122
G-1	Statement of Net Position .....	123
G-2	Statement of Revenue, Expenses and Changes in Fund Net Position.....	124
G-3	Statement of Cash Flows .....	125

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

H. Fiduciary Activities (Not Applicable) .....	126
I. Long-Term Debt .....	127
I-1 Schedule of Serial Bonds .....	128
I-2 Schedule of Obligations Under Capital Leases.....	129
I-3 Budgetary Comparison Schedule - Debt Service Fund.....	130
 STATISTICAL SECTION	
J. Statistical Section (Unaudited) .....	131
J-1 Net Position by Component.....	132
J-2 Changes in Net Position.....	134
J-3 Fund Balances - Governmental Funds.....	136
J-4 Changes in Fund Balances- Governmental Funds .....	137
J-5 General Fund Other Local Revenue by Source .....	139
J-6 Assessed Value and Actual Value of Taxable Property .....	140
J-7 Direct and Overlapping Property Tax Rates .....	141
J-8 Principal Property Taxpayers.....	142
J-9 Property Tax Levies and Collections .....	143
J-10 Ratios of Outstanding Debt by Type .....	144
J-11 Ratios of Net General Bonded Debt Outstanding .....	145
J-12 Ratios of Overlapping Governmental Activities Debt.....	146
J-13 Legal Debt Margin Information.....	147
J-14 Demographic and Economic Statistics .....	148
J-15 Principal Employers.....	149
J-16 Full-Time Equivalent District Employees by Function/Program .....	150
J-17 Operating Statistics .....	151
J-18 School Building Information .....	152
J-19 Schedule of Required Maintenance for School Facilities .....	153
J-20 Insurance Schedule .....	154
 K. Single Audit Section.....	 156
K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	   157
K-2 Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance.....	  159
K-3 Schedule of Expenditures of Federal Awards.....	161
K-4 Schedule of Expenditures of State Awards.....	162
K-5 Notes to Schedules of Expenditures of Federal and State Awards .....	164
K-6 Schedule of Findings and Questioned Costs.....	166
K-7 Summary Schedule of Prior Audit Findings .....	168

**INTRODUCTORY SECTION  
(UNAUDITED)**



**Pequannock Township Board of Education  
OFFICE OF THE BUSINESS ADMINISTRATOR**

538 Newark-Pompton Turnpike  
Pompton Plains, New Jersey 07444

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Sallyann McCarty (Tel) (973) 616-6030 (Fax) (973) 616-6041  
Business Administrator/Board Secretary

November 19, 2021

The Honorable President and Members of  
the Board of Education  
Pequannock Township School District  
County of Morris, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Pequannock Township School District (the "District") for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes The Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Pequannock Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Pequannock Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These services include regular, vocational as well as special education for youngsters with learning disabilities. The official district enrollment was 2,063 students, which is 55 students below the previous year's enrollment and represents a decrease of 2.6 %.

2) ECONOMIC CONDITION AND OUTLOOK: Pequannock Township continues to view development and expansion with a close eye to maintaining the character of the community. Frequently described as “colonial”, “rural” and “picturesque,” Pequannock Township is in fact a mixture of architectural design styles and lifestyles, while retaining the flavor or quality of the descriptive terms. The perception of a “sense of place” is a frequent experience of residents and visitors.

The Township presented a full revision of its Master Plan in November 2019 for a December 9<sup>th</sup> adoption. While the soul of the plan is tied to the maintenance of the Township’s neighborhoods and open spaces, as well as the protection of its quality of life, it lays out an aggressive approach to a continuation of controlled and managed development in the commercial districts and along the Route 23 corridor.

The Township further recognizes the need for an increasing tax base, both residential and commercial, and this continues to be a part of the community’s vision. This realization has assisted in the maintenance of a relatively stable local property tax rate, despite the decrease in school enrollment noted earlier.

Growth and expansion in both the residential and commercial markets in the Township have been stagnant.

3) MAJOR INITIATIVES: During the 2020-2021 school year, the Pequannock Township School District administration and staff focused their efforts on the implementation of the following goals that were adopted by the Board of Education.

**Five (5) Year Strategic Plan:** The District completed its implementation of aspects of the 2016-2021 Strategic Plan through various programs and initiatives. Specifically, the District focused on the four (4) goals areas outlined in the Plan. These included (1) student programs, (2) finances / funding, (3) communications, and (4) facilities. Examples of successful implementation of these goals include the modification of the preschool inclusion program, increasing student access to the Google 1:1 instructional initiative where all students in K-12 have access or are provided with a Google Chromebook, sharing services with neighboring school districts, utilizing Twitter and Facebook as a community outreach and professional development tool, and renovation of Biology labs at Pequannock Township High School, installation of air-conditioning in several classrooms at Pequannock Valley Middle School, expansion of academy programs, and a new digital marquee at Pequannock Valley Middle School. The district has initiated the collaborative process of development of the 2021-2026 Strategic Plan with myriad stakeholders involved.

**Student Achievement:** The District continued to implement various benchmarking assessments to monitor and address learning deficiencies using data to form instruction and curriculum during the 2020-2021 school year, though the pandemic-induced adaptations provided significant disruption to our ability to assess achievement accurately and through traditional means. Districtwide professional development and staff articulation continued to center on generating assessments that accurately measure learning outcomes from common learning experiences. The district employs targeted professional development to help move the district forward with pedagogical thinking and instructional implementation, and ongoing attention was paid to common scoring practices that reflect assessing the most relevant skills that our students need to develop.

Curricula continue to be updated throughout all grades levels and subjects with revisions addressing the New Jersey Student Learning Standards and Next Generation Science Standards. The curricula were modified to fill the instructional gaps as students' transition to the 1:1 Chromebook initiative in Grades 1-12. We continue to invest in electronic sources to provide professional development opportunities for staff in order to increase technology-based instruction and increase student achievement.

**Sustainability:** The Pequannock Township Board of Education continues to emphasize sustainability and wellness for our staff and students. After having maintained Bronze status in the Sustainable Jersey for Schools program, we have began the process of working towards Silver status. We have suspended our efforts in the state program, but have maintained the principles espoused therein. Each school works collaboratively on implementing strategies and programs to effect long-term learning and mindset shifts regarding environmental stewardship as well as physical and mental wellness.

**Future Ready:** The Pequannock Township School District continues to prepare our students not for a past that will never be again, but a future we anticipate will demand collaboration, critical thinking, and the ability to adapt to changing technology. To that end we embraced a goal to grow in our work in the state's now-erstwhile Future Ready program. Each school was certified bronze and implemented additional programs to empower educators to provide learning opportunities that enabled greater interaction and problem solving while eschewing cookie cutter assessment design. Without the program, we continue to build on the foundational beliefs that it promoted as we provide support and challenge for our students.

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

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

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

The Honorable President and Members of  
the Board of Education  
Pequannock Township School District  
Page 4  
November 19, 2021

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2021.

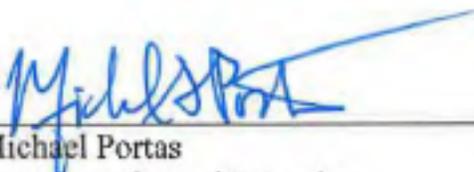
6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) RISK MANAGEMENT: The Board is a member of the Pooled Insurance Program of New Jersey ("PIP"). The PIP is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost workers' compensation insurance coverage to its members. Additional information on the PIP is included in Note 10 to the Basic Financial Statements.

8) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPA's, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

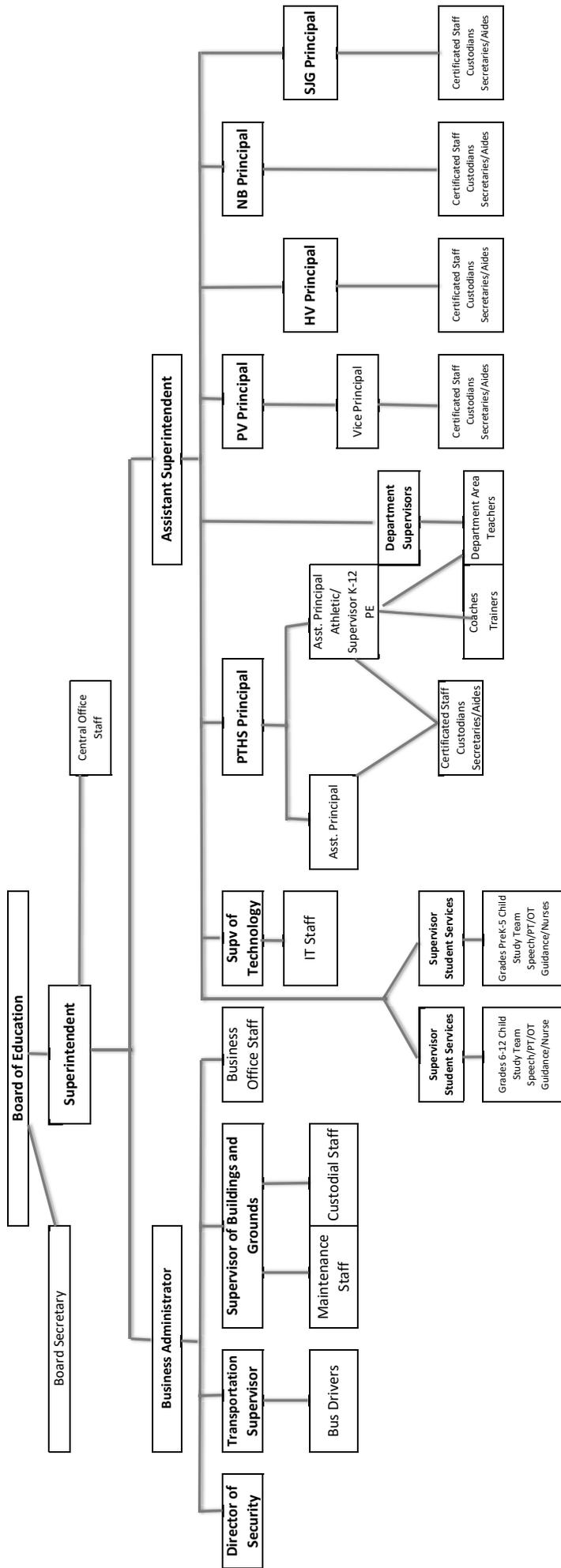


Michael Portas  
Superintendent of Schools



Sallyann McCarty  
Business Administrator/Board Secretary

# Pequannock Township Public Schools Organizational Chart



**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph Blumert, President	2021
Cara Shenton, Vice President	2023
Sam Ciresi	2023
Megan Dempsey	2021
Greg MacSweeney	2022
Danielle Esposito	2022
Timothy Gitin	2023
Brian Senyk	2021
Leonard Smith	2022

<u>Other Officials</u>	<u>Title</u>
Michael Portas	Superintendent of Schools
Rosalie Winning, Ed.D.	Assistant Superintendent
Sallyann McCarty	Business Administrator/Board Secretary
Raymond G. Karaty	Treasurer of School Monies
Sciarrillo Cornell	Board Attorney

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT**  
**Consultants and Advisors**

**Attorney**

Sciarrillo, Cornell  
238 St. Paul Street  
Westfield, New Jersey 07090

**Audit Firm**

Nisivoccia LLP  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856-1320  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

**Official Depository**

Lakeland Bank  
901 Route 23 South  
Pompton Plains, NJ 07444

**FINANCIAL SECTION**

## Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Pequannock Township School District  
County of Morris, New Jersey

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Pequannock Township School District (the “District”) in the County of Morris, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’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.

### ***Auditors’ 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 District’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 District’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 that 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Pequannock Township School District, in the County of Morris, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 20 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-employment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

The Honorable President and Members  
of the Board of Education  
Pequannock Township School District  
Page 3

prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
November 19, 2021

*Nisivoccia, LLP*  
NISIVOCCIA, LLP

*Kathryn L. Mantell*  
\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section of Pequannock Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

**Overview of the Financial Statements**

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food service.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the fiscal year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of Pequannock Township School District’s Financial Report**

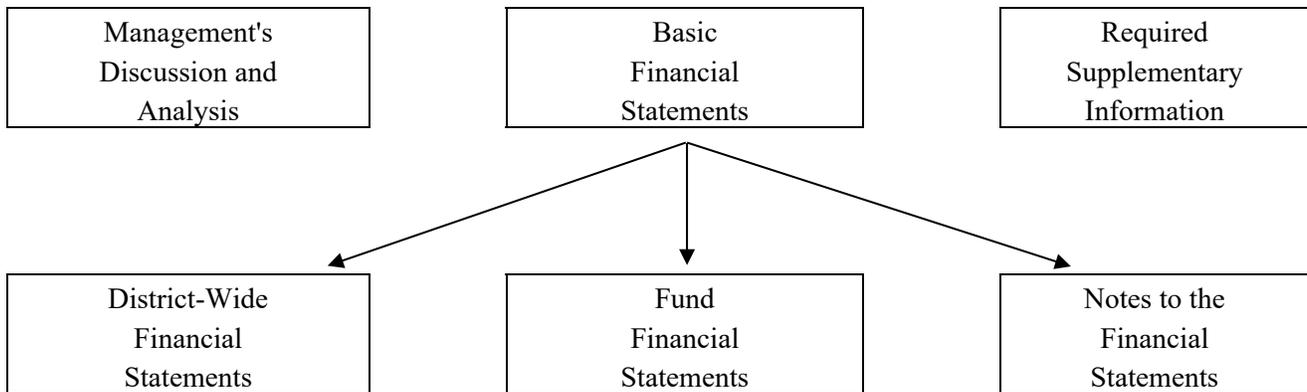


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents of each of the statements.

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Figure A-2  
Major Features of the District-Wide and Fund Financial Statements**

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**District-wide Statements**

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

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

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

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

**Fund Financial Statements**

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at fiscal year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Fund Financial Statements**

*Notes to the Basic Financial Statements:* The notes provide information that is essential to a full understanding of the data provided in the District-wide and Fund financial statements. The notes to the basic financial statements can be found immediately following the Fund financial statements.

**Financial Analysis of the District as a Whole**

*Net Position.* The District's combined net position increased by 18.75%. Net position from governmental activities increased \$3,614,757 and net position from business-type activities decreased by \$21,547.

**Figure A-3  
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/2021	2019/2020*	2020/2021	2019/2020*	2020/2021	2019/2020*	2020/2021
Current and							
Other Assets	\$ 20,295,313	\$ 12,489,729	\$ 16,537	\$ 31,538	\$ 20,311,850	\$ 12,521,267	
Capital Assets, Net	27,527,313	27,698,181	53,328	61,826	27,580,641	27,760,007	
Total Assets	47,822,626	40,187,910	69,865	93,364	47,892,491	40,281,274	18.90%
Deferred Outflows of Resources	1,321,021	1,742,997			1,321,021	1,742,997	-24.21%
Other Liabilities	1,354,758	1,013,189	28,387	30,339	1,383,145	1,043,528	
Long-Term Liabilities	21,564,995	18,535,800			21,564,995	18,535,800	
Total Liabilities	22,919,753	19,548,989	28,387	30,339	22,948,140	19,579,328	17.21%
Deferred Inflows of Resources	3,507,590	3,280,371			3,507,590	3,280,371	6.93%
Net Position:							
Net Investment in							
Capital Assets	13,280,445	17,753,408	53,328	61,826	13,333,773	17,815,234	
Restricted	10,458,882	9,942,765			10,458,882	9,942,765	
Unrestricted/(Deficit)	(1,023,023)	(8,594,626)	(11,850)	1,199	(1,034,873)	(8,593,427)	
Total Net Position	\$ 22,716,304	\$ 19,101,547	\$ 41,478	\$ 63,025	\$ 22,757,782	\$ 19,164,572	18.75%

\* Restated

*Changes in Net Position.* The District's combined net position was \$22,757,782 at June 30, 2021, \$3,593,210 or 18.75% more than it was the year before (See Figure A-3). Net investment in capital assets decreased by \$4,481,461 as a result of a new capital lease issued, depreciation expense and amortization of deferred amounts on refunding, offset by bonds principal payments, capital acquisitions and construction in process.

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Restricted net position increased by \$6,241,943 mainly due to combined increases in the committed capital projects fund balance, excess surplus and maintenance reserve. Unrestricted net position increased by \$7,558,554 primarily due to an increase in unexpended budget appropriations and a decrease in the pension liability offset by surplus appropriated to support the budget in the current year. (See Figure A-3).

**Figure A-4  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	Change 2020/2021
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,231,947	\$ 775,009	\$ 5,491	\$ 569,464	\$ 1,237,438	\$ 1,344,473	
Grants and Contributions:							
Operating	12,542,338	11,224,639			12,542,338	11,224,639	
General Revenue:							
Property Taxes	37,366,185	36,641,809			37,366,185	36,641,809	
Federal and State Aid Not Restricted	985,413	961,569			985,413	961,569	
Other	383,530	482,803	12	1,188	383,542	483,991	
Total Revenue	<u>52,509,413</u>	<u>50,085,829</u>	<u>5,503</u>	<u>570,652</u>	<u>52,514,916</u>	<u>50,656,481</u>	3.67%
Expenses:							
Instruction	31,482,564	28,536,761			31,482,564	28,536,761	
Pupil and Instruction Services	7,844,678	8,077,288			7,844,678	8,077,288	
Administration and Business	4,371,641	4,384,199			4,371,641	4,384,199	
Maintenance and Operations	3,392,454	3,016,727			3,392,454	3,016,727	
Transportation	1,417,713	1,284,704			1,417,713	1,284,704	
Other	325,606	354,143	87,050	598,961	412,656	953,104	
Total Expenses	<u>48,834,656</u>	<u>45,653,822</u>	<u>87,050</u>	<u>598,961</u>	<u>48,921,706</u>	<u>46,252,783</u>	5.77%
Transfers	<u>(60,000)</u>		<u>60,000</u>				
Change in Net Position	<u>\$ 3,614,757</u>	<u>\$ 4,432,007</u>	<u>\$ (21,547)</u>	<u>\$ (28,309)</u>	<u>\$ 3,593,210</u>	<u>\$ 4,403,698</u>	-18.40%

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Governmental Activities**

Maintaining existing programs with the provision of a multitude of special programs/services for disabled pupils place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings methods in place during the fiscal year were:

- Employees share in the cost of prescription and dental insurance premiums.
- The majority of school supplies are purchased through a cooperative bidding process with the Educational Services Commission of Morris County.
- The District also uses the same cooperative bidding process with the Educational Services Commission of Morris County for transportation.
- The District utilizes an hourly bus driver to reduce the costs for athletic transportation.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instruction services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-5  
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2020/2021	2019/2020	2020/2021	2019/2020
Instruction	\$ 31,482,564	\$ 28,536,761	\$19,166,770	\$17,977,336
Pupil & Instruction Services	7,844,678	8,077,288	7,228,189	7,261,114
Administration & Business	4,371,641	4,384,199	3,778,943	3,895,822
Maintenance & Operations	3,392,454	3,016,727	3,283,666	3,016,727
Transportation	1,417,713	1,284,704	1,277,197	1,149,032
Other	325,606	354,143	325,606	354,143
	<u>\$ 48,834,656</u>	<u>\$ 45,653,822</u>	<u>\$ 35,060,371</u>	<u>\$ 33,654,174</u>

**Business-Type Activities**

Net position from the District's business-type activities decreased by \$21,547 (refer to Figure A-4) primarily due to the transfers from General Fund not being adequate to cover the shortfall in sales revenue in its food service operations since March 2020 when meals were served to students who were eligible for free and reduced lunches. The District no longer participates in the National School Lunch program.

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Financial Analysis of the District's Funds**

The District's General Fund financial position increased \$1,849,466 during the fiscal year primarily due to cost savings that resulted in unexpended budget appropriations. The District's Capital Projects Fund financial position increased \$5,652,320 primarily due to two new authorized projects. The District's overall financial position has been strong in the past several years. Expenditures during the recent fiscal year increased significantly due to more extensive instruction, related services and transportation costs associated with an increase in its students with special needs.

The District has had a multi-year practice of utilizing funds from unassigned General Fund fund balance to reduce the tax levy. As overall expenditures for the District increase, the amount of funds necessary for this purpose likewise increase. Ratables of the municipality remain more or less stable, thus generating concern for the local tax levy in the future.

**General Fund Budgetary Highlights**

Over the course of the fiscal year, the District revised the annual operating budget several times. These budget amendments were for changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

**Capital Asset and Long-Term Liabilities Administration**

**Figure A-6**

**Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percent
	2020/2021	2019/2020*	2020/2021	2019/2020*	2020/2021	2019/2020*	2020/2021
Land	\$ 4,659,600	\$ 4,659,600			\$ 4,659,600	\$ 4,659,600	
Construction in Progress	5,568,816	3,975,612			5,568,816	3,975,612	
Site Improvements	2,333,592	1,916,747			2,333,592	1,916,747	
Buildings/Building Improvements	14,122,309	16,142,331			14,122,309	16,142,331	
Machinery and Equipment	842,996	1,003,891	\$ 53,328	\$ 61,826	896,324	1,065,717	
<b>Total</b>	<b>\$ 27,527,313</b>	<b>\$ 27,698,181</b>	<b>\$ 53,328</b>	<b>\$ 61,826</b>	<b>\$ 27,580,641</b>	<b>\$ 27,760,007</b>	<b>-0.65%</b>

\* Restated

The District's capital assets decreased \$179,366 or 0.65% during the year. This is primarily due to depreciation and deletions, offset by continued capital assets acquisitions including construction in progress. (More detailed information about the District's capital assets is presented in Note 6 to the financial statements).

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Long-Term Liabilities**

The District's overall long-term liabilities increased \$3,029,195, or 16.34%. The increase in total long-term liabilities from the prior year is primarily due to an increase in compensated absences payable and a new capital leases issuance, offset by a decrease in net pension liability, bond maturities, and bond premium amortization – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

**Figure A-7**

**Outstanding Long-Term Liabilities**

	Total School District		Percentage
	<u>2020/2021</u>	<u>2019/2020</u>	Change <u>2020/2021</u>
General Obligation Bonds (Financed with Property Taxes)	\$ 9,205,000	\$ 10,125,000	
Net Pension Liability	5,952,470	7,123,995	
Net Unamortized Bond Premiums	719,772	809,744	
Capital Leases	5,424,292	250,000	
Compensated Absences Payable	<u>263,461</u>	<u>227,061</u>	
	<u>\$ 21,564,995</u>	<u>\$ 18,535,800</u>	16.34%

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The imposed legislative “caps” on tax levy increases for New Jersey School Districts at no more than 2%.
- The continuing significant increases in the employee benefits plans exceed the general CPI and budgetary growth “caps” forcing reductions in programs.
- The District is prepared for varying decreases in student enrollment based on a recent demographic study. This may effect the ability to offer diverse high school programs of study if enrollment declines.
- The District is exploring relationships with other public and private schools to utilize existing facilities space for alternative revenue sources.
- The District is operating within a five-year curriculum review cycle. Costs associated with the constant updating of curriculum have a direct effect on future budgets.
- The District has been seeking alternative funding sources for infrastructure and capital needs, helping to alleviate some of the financial pressures of trying to improve facilities in a time of shrinking revenues.
- The District continues to face fluctuations of State Aid from year to year making it difficult to establish realistic long-term budget projections.
- The District realized a slight decrease in free and reduced lunch counts due to the economic conditions in the country, state, and Township, and continues not to participate in the National School Lunch Program.
- Pension and benefits reform legislation has had an impact on the District with respect to staffing, budgeting and long-term planning.

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers and customers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 538 Newark-Pompton Turnpike, Pompton Plains, New Jersey 07444.

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 12,235,785	\$ 5,505	\$ 12,241,290
Receivables from Federal Government	37,417		37,417
Receivables from State Government	834,658		834,658
Receivables from Other Governments	1,517,016		1,517,016
Receivables - Other	211,555		211,555
Inventory		11,032	11,032
Restricted Cash and Cash Equivalents	5,458,882		5,458,882
Capital Assets, Net:			
Sites (Land)	4,659,600		4,659,600
Construction in Progress	5,568,816		5,568,816
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	17,298,897	53,328	17,352,225
<b>Total Assets</b>	<b>47,822,626</b>	<b>69,865</b>	<b>47,892,491</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding	382,424		382,424
Deferred Outflows - Pensions	938,597		938,597
<b>Total Deferred Outflows of Resources</b>	<b>1,321,021</b>		<b>1,321,021</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accrued Interest Payable	154,828		154,828
Payable to State Government	30,707		30,707
Accounts Payable	1,132,950	8,823	1,141,773
Unearned Revenue	36,273	19,564	55,837
Noncurrent Liabilities:			
Due Within One Year	1,096,378		1,096,378
Due Beyond One Year	20,468,617		20,468,617
<b>Total Liabilities</b>	<b>22,919,753</b>	<b>28,387</b>	<b>22,948,140</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows - Pensions	3,507,590		3,507,590
<b>Total Deferred Inflows of Resources</b>	<b>3,507,590</b>		<b>3,507,590</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	13,280,445	53,328	13,333,773
Restricted for:			
Unemployment Compensation	617,012		617,012
Student Activities	200,435		200,435
Scholarships	140,404		140,404
Capital Projects	3,160,031		3,160,031
Excess Surplus	5,000,000		5,000,000
Maintenance Reserve	1,341,000		1,341,000
Unrestricted/(Deficit)	(1,023,023)	(11,850)	(1,034,873)
<b>Total Net Position</b>	<b>\$ 22,716,304</b>	<b>\$ 41,478</b>	<b>\$ 22,757,782</b>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues				Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Capital		Governmental Activities	Business-type Activities	Total
			Operating Grants and Contributions	Grants and Contributions			
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 22,869,624	\$ 1,059,723	\$ 6,869,999		\$ (14,939,902)		\$ (14,939,902)
Special Education	6,848,438		3,889,576		(2,958,862)		(2,958,862)
Other Special Instruction	395,214		127,830		(267,384)		(267,384)
School Sponsored Instruction	1,369,288		368,666		(1,000,622)		(1,000,622)
Support Services:							
Tuition	1,987,831		436,693		(1,551,138)		(1,551,138)
Student & Instruction Related Services	5,856,847	172,224	7,572		(5,677,051)		(5,677,051)
General Administrative Services	745,278		592		(744,686)		(744,686)
School Administrative Services	2,642,594		590,811		(2,051,783)		(2,051,783)
Central Services	622,960		918		(622,042)		(622,042)
Administration Information Technology	360,809		377		(360,432)		(360,432)
Plant Operations and Maintenance	3,392,454		108,788		(3,283,666)		(3,283,666)
Pupil Transportation	1,417,713		140,516		(1,277,197)		(1,277,197)
Interest on Long-Term Debt	325,606				(325,606)		(325,606)
<b>Total Governmental Activities</b>	<b>48,834,656</b>	<b>1,231,947</b>	<b>12,542,338</b>		<b>(35,060,371)</b>		<b>(35,060,371)</b>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues				Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 87,050	\$ 5,491				\$ (81,559)	\$ (81,559)
Total Business-Type Activities	<u>87,050</u>	<u>5,491</u>				<u>(81,559)</u>	<u>(81,559)</u>
Total Primary Government	<u>\$48,921,706</u>	<u>\$1,237,438</u>	<u>\$12,542,338</u>	<u>\$ - 0 -</u>	<u>\$(35,060,371)</u>	<u>(81,559)</u>	<u>(35,141,930)</u>
General Revenues and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					36,408,370		36,408,370
Taxes Levied for Debt Service					957,815		957,815
Federal and State Aid Not Restricted					985,413		985,413
Investment Earnings					5,957	12	5,969
Miscellaneous Income					377,573		377,573
Transfers					(60,000)	60,000	
Total General Revenues and Transfers					<u>38,675,128</u>	<u>60,012</u>	<u>38,735,140</u>
Change in Net Position					3,614,757	(21,547)	3,593,210
Net Position - Beginning (Restated)					19,101,547	63,025	19,164,572
Net Position - Ending					<u>\$ 22,716,304</u>	<u>\$ 41,478</u>	<u>\$ 22,757,782</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**FUND FINANCIAL STATEMENTS**

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 6,173,421	\$ 69,063	\$ 5,993,301	\$ 12,235,785
Interfund Receivable	248,705			248,705
Receivables from Federal Government		37,417		37,417
Receivables from State Government	834,658			834,658
Receivables from Other Governments	1,517,016			1,517,016
Receivables - Other	206,882	4,673		211,555
Restricted Cash and Cash Equivalents	5,118,043	340,839		5,458,882
<b>TOTAL ASSETS</b>	<b>\$ 14,098,725</b>	<b>\$ 451,992</b>	<b>\$ 5,993,301</b>	<b>\$ 20,544,018</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Interfund Payable			\$ 248,705	\$ 248,705
Payable to State Government		\$ 30,707		30,707
Accounts Payable	\$ 623,362	67,256	18,770	709,388
Unearned Revenue	23,083	13,190		36,273
<b>Total Liabilities</b>	<b>646,445</b>	<b>111,153</b>	<b>267,475</b>	<b>1,025,073</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Excess Surplus - Current Year	3,000,000			3,000,000
Excess Surplus - Prior Year - For Subsequent Year's Expenditures	2,000,000			2,000,000
Capital Reserve Account	3,160,031			3,160,031
Maintenance Reserve Account	1,341,000			1,341,000
Unemployment Compensation	617,012			617,012
Student Activities		200,435		200,435
Scholarships		140,404		140,404
<b>Assigned:</b>				
Year-End Encumbrances	814,436			814,436
For Subsequent Year's Expenditures	883,781			883,781
<b>Committed:</b>				
Capital Projects			5,725,826	5,725,826
Unassigned	1,636,020			1,636,020
<b>Total Fund Balances</b>	<b>13,452,280</b>	<b>340,839</b>	<b>5,725,826</b>	<b>19,518,945</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 14,098,725</b>	<b>\$ 451,992</b>	<b>\$ 5,993,301</b>	<b>\$ 20,544,018</b>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-

Total Fund Balances - Governmental Funds ( <i>Above</i> )	\$ 19,518,945
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	27,527,313
Long-Term Liabilities, including Bonds Payable and Net Pension Liability for PERS, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(20,845,223)
Bond Premiums are reported as revenue in the funds in the year the bonds are sold.	(719,772)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows	515,035
Deferred Inflows	(3,507,590)
The Deferred amount on the refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure.	382,424
Accrued Interest on Long-Term Liabilities, including Bonds Payable, is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(154,828)</u>
Net Position of Governmental Activities	<u><u>\$ 22,716,304</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

REVENUES	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources:					
Local Tax Levy	\$ 36,408,370			\$ 957,815	\$ 37,366,185
Tuition	1,059,723				1,059,723
Capital Reserve Interest	5,957				5,957
Rents and Royalties	53,725				53,725
Restricted Miscellaneous	62,006	\$ 172,224			234,230
Unrestricted Miscellaneous	261,842	2,800			264,642
<b>Total - Local Sources</b>	<b>37,851,623</b>	<b>175,024</b>		<b>957,815</b>	<b>38,984,462</b>
State Sources	10,167,093	279,533		344,660	10,791,286
Federal Sources		728,048			728,048
<b>Total Revenues</b>	<b>48,018,716</b>	<b>1,182,605</b>		<b>1,302,475</b>	<b>50,503,796</b>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular Instruction	13,068,486	436,504			13,504,990
Special Education Instruction	4,270,726	137,184			4,407,910
Other Special Instruction	217,567				217,567
School Sponsored Instruction	856,950				856,950
Support Services and Undistributed Costs:					
Tuition	1,551,138	436,693			1,987,831
Student & Instruction Related Services	4,392,766	186,979			4,579,745
General Administration Services	639,793				639,793
School Administration Services	1,513,838				1,513,838
Central Services	496,671				496,671

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES</b>					
Current:					
Support Services and Undistributed Costs:					
Administrative Information Technology	\$ 245,722				\$ 245,722
Plant Operations and Maintenance	2,647,333				2,647,333
Pupil Transportation	854,783				854,783
Unallocated Benefits	13,251,103				13,251,103
Capital Outlay	82,548		\$ 1,593,204		1,675,752
Debt Service:					
Principal				\$ 920,000	920,000
Interest and Other Charges				382,475	382,475
Total Expenditures	44,089,424	\$ 1,197,360	1,593,204	1,302,475	48,182,463
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	3,929,292	(14,755)	(1,593,204)		2,321,333
<b>OTHER FINANCING SOURCES/(USES):</b>					
Capital Lease Proceeds			5,225,698		5,225,698
Transfers In/(Out)	(2,079,826)		2,019,826		(60,000)
Total Other Financing Sources/(Uses)	(2,079,826)		7,245,524		5,165,698
Net Change in Fund Balances	1,849,466	(14,755)	5,652,320		7,487,031
Fund Balance - July 1 (Restated)	11,602,814	355,594	73,506		12,031,914
Fund Balance - June 30	\$ 13,452,280	\$ 340,839	\$ 5,725,826	\$ - 0 -	\$ 19,518,945

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 7,487,031

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital Outlays are reported in the Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation and disposals during the period.

Capital Additions	1,678,018
Disposals, Net of Accumulated Depreciation	(4,833)
Depreciation	(1,844,053)

In the Statement of Activities, certain operating expenses, e.g., compensated absences (sick days) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(36,400)

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces Long-term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

920,000

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	1,171,525
Change in Deferred Outflows	(411,889)
Change in Deferred Inflows	(227,219)

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The Governmental Funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities (+). \$ 89,972

In the Statement of Activities, Interest on Long-term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 14,700

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 51,406

Capital leases are an other financing source in the governmental funds. They are not revenue in the statement of activities; capital leases increase long-term liabilities in the statement of net position. (5,225,698)

The Governmental Funds report the effect of the deferred amount on the refunding when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities (-). (47,803)

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 3,614,757

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	Business-Type Activities: <u>Enterprise Funds</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$          5,505
Inventory	11,032
	16,537
Total Current Assets	16,537
Non-Current Assets:	
Capital Assets	171,426
Less: Accumulated Depreciation	(118,098)
	53,328
Total Non-Current Assets	53,328
Total Assets	69,865
<b>LIABILITIES:</b>	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	19,564
Accounts Payable - Vendors	8,823
	28,387
Total Liabilities	28,387
<b>NET POSITION:</b>	
Investment in Capital Assets	53,328
Unrestricted/(Deficit)	(11,850)
	41,478
Total Net Position	\$          41,478

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities: <u>Enterprise Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 5,299
Special Events	192
	5,491
Total Operating Revenue	5,491
Operating Expenses:	
Cost of Sales - Nonreimbursable Programs	5,951
Salaries	13,243
Payroll Taxes	1,832
Employee Benefits	1,652
Purchased Property Services	32,725
Supplies and Materials	7,283
Depreciation Expense	8,498
Miscellaneous Expenses	15,866
	87,050
Total Operating Expenses	87,050
Operating (Loss)	(81,559)
Local Sources:	
Interest Revenue	12
	12
Total Non-Operating Revenue	12
Change in Net Position Before Transfer	(81,547)
Transfer - General Fund	60,000
Change in Net Assets After Capital Assets Adjustment	(21,547)
Net Position - Beginning of Year (Restated)	63,025
Net Position - End of Year	\$ 41,478

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities: Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 4,340
Payments to Food Service Vendors	<u>(70,919)</u>
Net Cash Provided by/(Used for) used for Operating Activities	<u>(66,579)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>12</u>
Net Cash Provided by/(Used for) Investing Activities	<u>12</u>
Cash Flows from Noncapital Financing Activities:	
Transfer - Board Contribution	<u>60,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>60,000</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(6,567)
Cash and Cash Equivalents, July 1	<u>12,072</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 5,505</u></u>
Reconciliation of Operating Loss to Net Cash Provided by/(Used for) Operating Activities:	
Operating (Loss)	\$ (81,559)
Adjustment to Reconcile Operating Loss to Cash Provided by / (Used for) Operating Activities:	
Depreciation	8,498
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	(801)
Increase/(Decrease) in Prepaid Sales	(1,151)
Decrease/(Increase) in Inventory	<u>8,434</u>
Net Cash Provided by/(Used for) Operating Activities	<u><u>\$ (66,579)</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Pequannock Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – *governmental and proprietary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The District reports the following proprietary funds:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria (Food Service) operations. The Food is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 48,012,936	\$ 1,187,890
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not:		
Current Year Encumbrances		(5,285)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	217,435	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(211,655)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 48,018,716	\$ 1,182,605
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 44,089,424	\$ 1,202,645
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(5,285)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 44,089,424	\$ 1,197,360

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	Capital Projects Fund
	Fund Balance
Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (per Exhibit F-1)	\$ 8,062,572
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grants are Recognized as Revenue on the Budgetary Basis when awarded but are not Recognized on the GAAP Basis until Expended and Requested for Reimbursement.	(2,336,746)
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (per Exhibit B-2)	\$ 5,725,826

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the governmental units.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

Capital assets acquired or constructed are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds on the following page is as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed over the entire twelve month year. However, the District does give ten-month employees the option to put 10% of their salaries each pay period towards a summer payment. The District disbursed those salary amounts prior to June 30; therefore the District had no accrued salaries and wages as of June 30, 2021.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences: (Cont'd)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated:

General Fund: Of the \$13,452,280 General Fund balance at June 30, 2021, \$814,436 is assigned for encumbrances; \$883,781 is assigned for subsequent year's expenditures and has been appropriated and included as anticipated revenue for fiscal year end June 30, 2022; \$3,160,031 is restricted in the capital reserve account; \$1,341,000 is restricted in the maintenance reserve account; \$617,012 is restricted for unemployment compensation; \$3,000,000 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2023; \$2,000,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2022; and \$1,636,020 is unassigned which is \$211,655 less than the calculated budgetary unassigned fund balance due to the last two June state aid payments, which are not recognized on the GAAP basis until the fiscal year ended June 30, 2022.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2021 is \$340,839 and is restricted for student activities and scholarships.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2021 of \$5,725,826, is committed and is \$2,336,746 less on the GAAP basis due to the non-recognition of SDA grants until the grant funds are expended and submitted for reimbursement.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2021 was \$-0-.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus as noted above.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated (Cont'd)

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year for intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Deficit Fund Balance/Net Position:

The District had a \$1,023,023 deficit in unrestricted net position in its governmental activities, which is primarily due to accrual of the net pension liability and related deferred outflows and inflows as well as compensated absences and accrued interest payable. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles. The District also had an \$11,850 deficit in unrestricted net position in its business-type activities due to the loss of sales revenue and cost of providing free lunches to all students because of the COVID-19 pandemic. The District will continue to transfer funds as a Board contribution from its governmental activities to cover any deficits.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2021 for the deferred amount on refunding of debt, and pensions.

The District had a deferred inflow of resources at June 30, 2021 for pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position (Cont'd)

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications.

In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, capital reserve, a maintenance reserve, student activities, scholarships and unemployment compensation.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had committed resources at June 30, 2021 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and subsequent year's expenditures, in the General Fund at June 30, 2021.

T. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Funds. For the School District, these revenues are sales for the food service program. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Fund.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest and tuition.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

The Board 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.

GASB requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit.

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments (Cont'd)

- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents Capital Reserve	Total
Checking and Savings Accounts	\$ 12,241,290	\$ 5,458,882	\$ 17,700,172

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$17,700,172 and the bank balance was \$18,104,785.

NOTE 4. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the District by inclusion of \$1 on October 2, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Funds placed in the Capital Reserve Account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District can increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the Capital Reserve Account for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 3,999,464
Interest Earnings	5,957
Increase by Board Resolution in June 2021	1,174,436
Budgeted Withdrawal	<u>(2,019,826)</u>
Ending Balance, June 30, 2021	<u>\$ 3,160,031</u>

The balance in the Capital Reserve Account at June 30, 2021 does not exceed the local support costs of uncompleted capital projects in the District’s approved Long Range Facilities Plan (“LRFP”). The withdrawals from the Capital reserve Account were for use in DOE approved facilities projects, consistent with the District’s LRFP.

NOTE 5. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District transferred \$178,825 to capital outlay accounts which included a transfer of \$129,230 for the acquisition of equipment (which did not require County Superintendent approval) and \$49,595 for facilities acquisition and construction services for which the District obtained County Superintendent approval.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2021 were as follows:

	(Restated) Balance 6/30/2020	Adjustments & Increases	Adjustments & Deletions	Balance 6/30/2021
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Sites (Land)	\$ 4,659,600			\$ 4,659,600
Construction in Progress	3,975,612	\$ 1,593,204		5,568,816
Total Capital Assets Not Being Depreciated	<u>8,635,212</u>	<u>1,593,204</u>		<u>10,228,416</u>
Capital Assets Being Depreciated:				
Site Improvements	3,154,648		\$ 635,670	3,790,318
Buildings and Building Improvements	39,718,113	41,294	(635,670)	39,123,737
Machinery and Equipment	4,496,542	43,520	(502,970)	4,037,092
Total Capital Assets Being Depreciated	<u>47,369,303</u>	<u>84,814</u>	<u>(502,970)</u>	<u>46,951,147</u>
Governmental Activities Capital Assets	<u>56,004,515</u>	<u>1,678,018</u>	<u>(502,970)</u>	<u>57,179,563</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,237,901)	(218,825)		(1,456,726)
Buildings and Building Improvements	(23,575,782)	(1,425,646)		(25,001,428)
Machinery and Equipment	(3,492,651)	(199,582)	498,137	(3,194,096)
	<u>(28,306,334)</u>	<u>(1,844,053)</u>	<u>498,137</u>	<u>(29,652,250)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$27,698,181</u>	<u>\$ (166,035)</u>	<u>\$ (4,833)</u>	<u>\$27,527,313</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 171,426			\$ 171,426
Less Accumulated Depreciation	(109,600)	\$ (8,498)		(118,098)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 61,826</u>	<u>\$ (8,498)</u>	<u>\$ - 0 -</u>	<u>\$ 53,328</u>

The District expended \$1,593,204 towards construction projects in progress and for continuation of construction in the Capital Projects Fund and \$84,814 for improvements and equipment from the General Fund capital outlay accounts during the fiscal year. As of June 30, 2021, the District has \$13,831,388 in active construction projects with unexpended balances of \$8,062,572.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 492,115
Special Education	7,320
Student & Instructional Related Services	233,095
General Administrative Services	9,237
School Administrative Services	177,163
Operations and Maintenance of Plant	433,355
Pupil Transportation	491,768
	<u>\$ 1,844,053</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2020	Accrued	Retired	Balance 6/30/2021
Serial Bonds Payable	\$ 10,125,000		\$ 920,000	\$ 9,205,000
Net Unamortized Bond Premiums	809,744		89,972	719,772
Compensated Absences Payable	227,061	\$ 36,400		263,461
Capital Leases Payable	250,000	5,225,698	51,406	5,424,292
Net Pension Liability - PERS	7,123,995		1,171,525	5,952,470
	<u>\$ 18,535,800</u>	<u>\$ 5,262,098</u>	<u>\$ 2,232,903</u>	<u>\$ 21,564,995</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund.

On August 29, 2013, the District issued bonds of \$3,350,000 for school renovation projects with interest rates ranging from 2.00% to 3.875% to fund a gymnasium project at the Stephen J. Gerace Elementary school. The bonds finally mature on August 12, 2029 and are non-callable.

On February 25, 2016, the District issued refunding school bonds of \$9,025,000 with interest rates ranging from 2.00% to 4.00% to refund \$9,460,000 of 2009 School Renovations and Alterations bonds with interest rates ranging from 3.75% to 4.00%. The bonds mature on January 15, 2017 through 2029 and are non-callable. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 2009 school bonds were called on January 15, 2018. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements. As a result of the refunding, the District will realize a total of \$887,794 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to \$778,118, or 8.225%, of the bonds refunded.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2021 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Renovation Project	8/12/2029	2.50% - 3.875%	\$ 2,320,000
Refunding Bonds	1/15/2029	4.00%	6,885,000
			<u>\$ 9,205,000</u>

Principal and interest due on serial bonds outstanding are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 955,000	\$ 351,675	\$ 1,306,675
2023	990,000	316,625	1,306,625
2024	1,030,000	279,775	1,309,775
2025	1,090,000	240,825	1,330,825
2026	1,135,000	199,725	1,334,725
2027-2030	4,005,000	545,594	4,550,594
	<u>\$ 9,205,000</u>	<u>\$ 1,934,219</u>	<u>\$ 11,139,219</u>

B. Bonds Authorized But Not Issued:

There were no bonds authorized but not issued as of June 30, 2021.

C. Capital Leases Payable:

The District is leasing buses and maintenance vehicles under a capital lease agreement for \$250,000, of which \$198,594 has been liquidated as of June, 30 2021. Additionally, on May 12, 2021, the District entered into a \$5,225,698 lease purchase agreement, with a fifteen-year term, to fund the implementation of the District's Energy Savings Improvement Program (ESIP), entailing various permitted energy conservation measures under the ESIP Law, throughout the District. As of June 30, 2021, \$-0- has matured and been repaid.

*N.J.S.A.* 18A:18A-4.6(c), Implementation of an energy savings improvement program by a board of education/board of trustees, provides the authority for public school districts/charter schools to finance an energy savings improvement program through a lease-purchase agreement or through the issuance of energy savings obligations. The ESIP law provides that energy savings obligation shall be funded through appropriations in the General Fund annual budget, on the basis that the costs of implemented energy conservation measures should be fully offset by energy savings to be generated by such measures (on both an annual and aggregate basis).

The capital leases payable will be liquidated by the General Fund. The current portion for governmental leases is \$51,406 and the long-term portion is \$5,372,886. A schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2021 is on the following page.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable: (Cont'd)

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2022	\$ 51,974
2023	420,283
2024	570,377
2025	435,792
2026	381,709
2027-2031	1,879,284
2032-2036	2,066,563
2037	<u>442,703</u>
Total Minimum Lease Payments	6,248,685
Less: Amount Representing Interest	<u>(824,393)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 5,424,292</u>

D. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of unamortized bond issuance premiums at June 30, 2021 is \$89,972 and the long-term portion is \$629,800.

E. Compensated Absences:

The current contract with the teaching and support staff limits the District's fiscal year payout for their compensated absences to \$65,000 per fiscal year. If the District's annual payout for teaching and support staff retirees exceeds \$65,000 in any fiscal year, the amount would be prorated among the retirees so as not to exceed \$65,000 in any fiscal year. Employees receive their payout on June 30 of the year in which they retire. Should an employee not receive the full amount of their accrual, it does not carry forward past the first year of their retirement.

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. No portion of the compensated absences balance of the governmental funds at June 30, 2021 is currently payable; therefore, the long-term liability balance of compensated absences is \$263,461.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, no liability existed for compensated absences in the Food Service Enterprise Fund.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$5,952,470. See Note 9 for further information on the PERS.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 8. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: The Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$401,133 for fiscal year 2021.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2021, the District's liability was \$5,952,470 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.0365%, which was a decrease of 0.003% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized actual pension expense in the amount of \$133,106. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 193,105	
	2017	5.48		\$ (563,450)
	2018	5.63		(552,784)
	2019	5.21		(438,988)
	2020	5.16		(937,133)
			<u>193,105</u>	<u>(2,492,355)</u>
Difference Between Expected and Actual Experience	2016	5.57	5,860	
	2017	5.48	16,757	
	2018	5.63		(21,051)
	2019	5.21	33,557	
	2020	5.16	52,211	
			<u>108,385</u>	<u>(21,051)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(72,840)	
	2018	5.00	(67,555)	
	2019	5.00	16,348	
	2020	5.00	327,507	
			<u>203,460</u>	
Changes in Proportion	2016	5.57	10,085	
	2017	5.48		(36,411)
	2018	5.63		(191,382)
	2019	5.21		(215,428)
	2020	5.16		(550,963)
			<u>10,085</u>	<u>(994,184)</u>
District Contribution Subsequent to Measurement Date	2020	1.00	423,562	
			<u>\$ 938,597</u>	<u>\$ (3,507,590)</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2021	\$ (746,926)
2022	(680,970)
2023	(389,157)
2024	(157,368)
2025	(34,035)
	\$ (2,008,456)

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 was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
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 a 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.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets 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. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 upon 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The figure on the following page presents the District's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 7,476,568	\$ 5,952,470	\$ 4,634,857

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description (Cont'd)

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$4,415,602 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$6,373,944.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$102,500,922. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.1556%, which was a decrease of 0.00024% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	102,500,922
Total	<u>\$ 102,500,922</u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$6,373,944 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			<u>7,815,939,253</u>	<u>14,241,964,752</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			<u>656,175,235</u>	
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as shown on the following page.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

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 was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-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, 2015 to June 30, 2018.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets 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. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The table below presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 120,399,338	\$ 102,500,922	\$ 87,639,293

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$24,532 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$33,345 for the fiscal year ended June 30, 2021.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance and Health Benefits

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. The District is a member of a joint insurance fund for workers' compensation. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

The District is a member of the Pooled Insurance Program of New Jersey (the "PIP"). The PIP provides the District with workers' compensation insurance. The PIP is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the PIP are elected.

As a member of the PIP, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the PIP were to be exhausted, members would become responsible for their respective shares of the PIP's liabilities.

The PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The audit of the PIP for the year ended June 30, 2021 was not available as of the date of this report. Selected, summarized financial information as of June 30, 2020 is as follows:

	<u>Pooled Insurance Program of New Jersey</u>
Total Assets	<u>\$ 20,786,398</u>
Net Position	<u>\$ 8,063,082</u>
Total Revenue	<u>\$ 8,824,359</u>
Total Expenses	<u>\$ 8,681,780</u>
Change in Net Position	<u>\$ (869,746)</u>
Member Dividends	<u>\$ 1,012,325</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance and Health Benefits (Cont'd)

Financial statements for the PIP are available at the Executive Director's Office:

Burton Agency  
44 Bergen Street  
PO Box 270  
Westwood, NJ 07675  
(201) 664-0310

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

A summary of the District and employee contributions, interest, reimbursements to the State for benefits paid and balance of the District’s Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years follows:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>District Contributions</u>	<u>Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ 24,107	\$ 50,000	\$ 1,272	\$ 13,373	\$ 617,012
2020	45,949	50,000	5,831	25,142	555,006
2019	34,428	75,000	7,837	28,513	478,368

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by TSA Consulting Group Inc., the District’s third-party administrator, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The approved vendors are as follows:

AXA Equitable Financial Resources	Metropolitan Life Insurance Co.
Security Benefit	Gaba Financial Services
Lincoln National Life Insurance Co.	Siracusa Benefit Group

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

The District is periodically involved in pending lawsuits and estimates that the potential claims resulting from any litigation and not covered by insurance would not materially affect the District's financial statements.

Grant Programs

The District participates in federal and state assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Encumbrances

At June 30, 2021, there were encumbrances as detailed below in the governmental funds:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Year-End Encumbrances	<u>\$ 814,436</u>	<u>\$ 5,285</u>	<u>\$ 819,721</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2021, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances of \$5,285 are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances existed as of June 30, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 248,705	
Capital Projects Fund		\$ 248,705
	<u>\$ 248,705</u>	<u>\$ 248,705</u>

The interfund receivable in the General Fund is comprised of cash advanced to the Capital Projects Fund while awaiting reimbursement of grant expenditures.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 14. TAX CALENDAR

Property taxes are levied by the District’s constituent municipality as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and October 19. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the District on a predetermined mutually agreed-upon schedule.

NOTE 15. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$200,000 was established by Board resolution on June 27, 2016. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year’s budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District’s school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year’s budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 1,876,000
Budgeted Withdrawal	<u>(535,000)</u>
Ending Balance, June 30, 2021	<u>\$ 1,341,000</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2021:

	<u>Governmental Funds</u>			District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Proprietary Fund Food Service
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>			
Vendors	\$ 603,152	\$ 67,256	\$ 18,770		\$ 689,178	\$ 8,823
Payroll Deductions and Withholdings	20,210				20,210	
Due to:						
State of New Jersey				\$ 423,562	423,562	
	<u>\$ 623,362</u>	<u>\$ 67,256</u>	<u>\$ 18,770</u>	<u>\$ 423,562</u>	<u>\$ 1,132,950</u>	<u>\$ 8,823</u>

NOTE 17. TAX ABATEMENTS

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

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Pequannock recognized revenue in the amount of \$106,490 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on this property for 2020 without the abatement would have been \$232,462 of which \$148,530 would have been for the local school tax.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). 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 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

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.

Inflation Rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 - 3.05%	2.00 - 6.00%
	based on service years	based on service years
Thereafter	1.55 - 3.05%	3.00 - 7.00%
	based on service years	based on service years

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate 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 rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate 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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State’s Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 73,141,519
Changes for Year:	
Service Cost	2,480,950
Interest on the Total OPEB Liability	2,888,647
Differences between Expected and Actual Experience	(11,061,737)
Changes in Assumptions	990,934
Contributions from Members	60,476
Gross Benefit Payments by the State	(2,040,144)
Net Changes	(6,680,874)
Balance at June 30, 2019	\$ 66,460,645

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 78,516,285	\$ 66,460,645	\$ 56,884,305

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were 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
Total OPEB Liability Attributable to the District	\$ 54,760,609	\$ 66,460,645	\$ 81,949,090

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021 the District recognized OPEB expense of \$1,431,056 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	<u>Deferral Year</u>	<u>Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54		\$ 7,737,363
	2018	9.51		6,655,179
	2019	9.29	\$ 884,267	
			<u>884,267</u>	<u>14,392,542</u>
Differences between Expected and Actual Experience	2018	9.51		6,291,215
	2019	9.29		10,407,872
				<u>16,699,087</u>
Changes in Proportion	N/A	N/A	<u>977,363</u>	<u>202,222</u>
			<u>\$ 1,861,630</u>	<u>\$ 31,293,851</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2020	\$ (4,055,777)
2021	(4,055,777)
2022	(4,055,777)
2023	(4,055,777)
2024	(4,055,777)
Thereafter	<u>(9,928,477)</u>
	<u>\$ (30,207,362)</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 19. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Enterprise Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to offer free lunch to all students under the Seamless Summer Option. The District will continue to serve only Seamless Summer Option meals in the 2021-2022 school year.

NOTE 20. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund (which includes Athletic Activities) and private purpose scholarships, which had previously been reported in the fiduciary funds, are now reported in the Special Revenue Fund. The District also made a prior year adjustment to the District Wide Financial Statements to record an adjustment to correct the amount of capital assets recorded as of June 30, 2020. The ending balances as of June 30, 2020 were restated on the following page.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 20. PRIOR YEAR ADJUSTMENT (Cont'd)

	<u>Balance</u> <u>June 30, 2020</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2020</u> <u>as</u> <u>Restated</u>
<u>Statement of Net Position - Governmental Activities:</u>			
Capital Assets:			
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	\$ 20,282,167	\$ (1,219,198)	\$ 19,062,969
Total Assets	\$ 40,496,508	\$ (1,219,198)	\$ 39,277,310
Net Position:			
Net Investment in Capital Assets	\$ 18,972,606	\$ (1,219,198)	\$ 17,753,408
Restricted Net Position	\$ 9,032,165	\$ 910,600	\$ 9,942,765
Net Position - Ending	\$ 19,410,145	\$ (308,598)	\$ 19,101,547
<u>Statement of Revenues, Expenditures and Changes in</u> <u>Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	\$ 11,047,808	\$ 555,006	\$ 11,602,814
Special Revenue Fund:			
Fund Balance - June 30	\$ - 0 -	\$ 355,594	\$ 355,594
<u>Statement of Revenues, Expenditures and Changes in</u> <u>Fund Balances - Proprietary Funds:</u>			
Net Position - End of Year	\$ 33,279	\$ 29,746	\$ 63,025
<u>Statement of Changes in Fiduciary Net Position -</u> <u>Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	\$ 555,006	\$ (555,006)	\$ - 0 -
Private Purpose Scholarship Trust:			
Net Position - End of the Year	\$ 209,127	\$ (209,127)	\$ - 0 -

**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0405464396%	0.0430193461%	0.0435155578%	0.0428972281%	0.0410807800%	0.0395371493%	0.0365016828%
District's proportionate share of the net pension liability	\$ 7,591,402	\$ 9,656,981	\$ 12,888,060	\$ 9,985,789	\$ 8,088,600	\$ 7,123,995	\$ 5,952,470
District's covered employee payroll	\$ 2,894,283	\$ 2,894,283	\$ 2,903,815	\$ 2,894,287	\$ 2,856,368	\$ 2,694,579	\$ 2,566,001
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	262.29%	333.66%	443.83%	345.02%	283.18%	264.38%	231.97%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 334,259	\$ 369,851	\$ 386,586	\$ 400,248	\$ 408,621	\$ 391,842	\$ 401,133
Contributions in relation to the contractually required contribution	(334,259)	(369,851)	(386,586)	(400,248)	(408,621)	(391,842)	(401,133)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 2,894,283	\$ 2,903,815	\$ 2,894,287	\$ 2,856,368	\$ 2,694,579	\$ 2,566,001	\$ 2,680,675
Contributions as a percentage of covered employee payroll	11.55%	12.74%	13.36%	14.01%	15.16%	15.27%	14.96%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ATTRIBUTABLE TO THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.1711547577%	0.1573045551%	0.1558576554%	0.1578440446%	0.1581692231%	0.1558997954%	0.1556610407%
State's proportionate share of the net pension liability attributable to the District	\$ 91,476,648	\$ 99,423,196	\$ 122,607,555	\$ 106,424,146	\$ 100,623,862	\$ 95,677,176	\$ 102,500,922
District's covered employee payroll	\$ 15,860,920	\$ 15,860,920	\$ 15,537,032	\$ 16,253,270	\$ 16,563,883	\$ 16,463,344	\$ 16,520,960
State's proportionate share of the net pension liability attributable to the district as a percentage of its covered employee payroll	576.74%	626.84%	789.13%	654.79%	607.49%	581.15%	620.43%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 4,922,302	\$ 6,070,681	\$ 9,212,252	\$ 7,372,526	\$ 5,866,019	\$ 5,643,296	\$ 6,373,944
Contributions in relation to the contractually required contribution	(850,446)	(1,247,857)	(1,713,356)	(2,329,274)	(3,066,172)	(3,414,243)	(4,415,602)
Contribution deficiency/(excess)	<u>\$ 4,071,856</u>	<u>\$ 4,822,824</u>	<u>\$ 7,498,896</u>	<u>\$ 5,043,252</u>	<u>\$ 2,799,847</u>	<u>\$ 2,229,053</u>	<u>\$ 1,958,342</u>
District's covered employee payroll	\$ 15,860,920	\$ 15,537,032	\$ 16,253,270	\$ 16,563,883	\$ 16,463,344	\$ 16,520,960	\$ 17,650,371
Contributions as a percentage of covered employee payroll	31.03%	39.07%	56.68%	44.51%	35.63%	34.16%	36.11%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY  
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS  
LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,	
	2017	2018
Service Cost	\$ 3,364,071	\$ 2,789,237
Interest Cost	2,671,378	3,086,977
Differences between Expected and Actual Experience	(11,081,177)	(6,828,124)
Changes in Assumptions	71,962	(8,393,355)
Member Contributions	(1,954,303)	67,595
Gross Benefit Payments	(6,928,069)	(1,955,778)
Net Change in Total OPEB Liability	(6,928,069)	(11,233,448)
Total OPEB Liability - Beginning	91,303,036	84,374,967
Total OPEB Liability - Ending	\$ 84,374,967	\$ 73,141,519
State's Covered Employee Payroll *	\$ 18,440,847	\$ 19,147,557
Total OPEB Liability as a Percentage of Covered Employee Payroll	458%	382%
		342%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate 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 rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate 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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**BUDGETARY COMPARISON SCHEDULES**

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit C-1  
1 of 14

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues from Local Sources:</b>					
Local Tax Levy	\$ 36,408,370		\$ 36,408,370	\$ 36,408,370	
Tuition From Individuals	149,980		149,980	96,892	\$ (53,088)
Tuition From Other LEAs Within the State	727,249		727,249	962,831	235,582
Rents and Royalties	51,667		51,667	53,725	2,058
Unrestricted Miscellaneous Revenues	47,000		47,000	261,842	214,842
Interest Earned on Maintenance Reserve	500		500		(500)
Interest Earned on Capital Reserve Funds	1,000		1,000	5,957	4,957
Other Restricted Miscellaneous Revenues				62,006	62,006
<b>Total Revenues from Local Sources</b>	<b>37,385,766</b>		<b>37,385,766</b>	<b>37,851,623</b>	<b>465,857</b>
<b>Revenues from State Sources:</b>					
School Choice Aid	54,032		54,032	54,032	
Categorical Transportation Aid	124,035		124,035	124,035	
Extraordinary Aid	317,000		317,000	578,115	261,115
Categorical Special Education Aid	1,570,793	\$ (18,835)	1,551,958	1,551,958	
Equalization Aid	406,379		406,379	406,379	
Categorical Security Aid	168,558		168,558	168,558	
Securing Our Children's Future Bond Act-Alyssa's Law		106,558	106,558	106,095	(463)
Non-Public Transportation				25,650	25,650
TPAF Post Retirement Contributions (Non-Budgeted)				1,383,781	1,383,781
TPAF Pension Contributions (Non-Budgeted)				4,415,602	4,415,602
TPAF Non-Contributory Insurance (Non-Budgeted)				82,444	82,444
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,413	2,413
Reimbursed TPAF Social Security Contributions				1,262,251	1,262,251
<b>Total Revenues from State Sources</b>	<b>2,640,797</b>	<b>87,723</b>	<b>2,728,520</b>	<b>10,161,313</b>	<b>7,432,793</b>
<b>TOTAL REVENUE</b>	<b>40,026,563</b>	<b>87,723</b>	<b>40,114,286</b>	<b>48,012,936</b>	<b>7,898,650</b>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit C-1  
2 of 14

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>GENERAL CURRENT EXPENSE</b>					
<b>Regular Programs - Instruction</b>					
Preschool - Salaries of Teachers	\$ 141,710	\$ 1,000	\$ 142,710	\$ 142,710	\$ 1,350
Kindergarten - Salaries of Teachers	509,969		509,969	508,619	7,602
Grades 1-5 - Salaries of Teachers	3,798,146	(50,445)	3,747,701	3,740,099	65,123
Grades 6-8 - Salaries of Teachers	2,499,717	(127,413)	2,372,304	2,307,181	136,877
Grades 9-12 - Salaries of Teachers	4,272,957	46,558	4,319,515	4,182,638	
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	15,000		15,000	6,726	8,274
Purchased Professional-Educational Services	29,580		29,580	1,702	27,878
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	59,873	304	60,177	53,098	7,079
Purchased Professional-Educational Services	395,590	(43,691)	351,899	226,768	125,131
Purchased Technical Services	374,384	(2,235)	372,149	336,862	35,287
Other Purchased Services (400-500 series)	592,940	1,778	594,718	549,820	44,898
General Supplies	1,417,502	4,844	1,422,346	931,802	490,544
Textbooks	133,530		133,530	80,076	53,454
Other Objects	1,100		1,100	385	715
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>14,241,998</b>	<b>(169,300)</b>	<b>14,072,698</b>	<b>13,068,486</b>	<b>1,004,212</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	368,147	1,425	369,572	369,572	
Other Salaries for Instruction	188,334	(92,381)	95,953	95,943	10
General Supplies	9,351	(6,335)	3,016	2,677	339
<b>Total Learning and/or Language Disabilities</b>	<b>565,832</b>	<b>(97,291)</b>	<b>468,541</b>	<b>468,192</b>	<b>349</b>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	\$ 63,139	\$ (25,456)	\$ 37,683	\$ 37,683	
Other Salaries for Instruction	43,165	(20,986)	22,179	22,179	
General Supplies	2,500	(2,500)			
<b>Total Behavioral Disabilities</b>	<u>108,804</u>	<u>(48,942)</u>	<u>59,862</u>	<u>59,862</u>	
<b>Multiple Disabilities:</b>					
Salaries of Teachers	244,214		244,214	244,214	
Other Salaries for Instruction	168,087		168,087	168,087	
General Supplies	4,031		4,031	3,353	\$ 678
Other Objects	504		504	504	
<b>Total Multiple Disabilities</b>	<u>416,836</u>		<u>416,836</u>	<u>416,158</u>	<u>678</u>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	2,143,355	(107,398)	2,035,957	2,034,586	1,371
Other Salaries for Instruction	379,370	(249,430)	129,940	124,931	5,009
Purchased Professional-Educational Services	207,316	794,461	1,001,777	966,876	34,901
General Supplies	7,625	(1,498)	6,127	6,127	
<b>Total Resource Room/Resource Center</b>	<u>2,737,666</u>	<u>436,135</u>	<u>3,173,801</u>	<u>3,132,520</u>	<u>41,281</u>
<b>Autism:</b>					
Salaries of Teachers	261,524	(261,524)			
Other Salaries for Instruction	170,366	(170,366)			
General Supplies	12,755	(12,755)			
Other Objects	8,600	(8,600)			
<b>Total Autism</b>	<u>453,245</u>	<u>(453,245)</u>			
<b>Preschool Disabilities - Full-Time:</b>					
Salaries of Teachers	56,555	8,243	64,798	64,798	
Other Salaries for Instruction	125,176	(8,113)	117,063	117,063	
<b>Total Preschool Disabilities - Full-Time</b>	<u>181,731</u>	<u>130</u>	<u>181,861</u>	<u>181,861</u>	

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Home Instruction:</b>					
Purchased Professional-Educational Services	\$ 34,680	\$ (22,473)	\$ 12,207	\$ 12,133	\$ 74
General Supplies	1,700	(1,700)			
<b>Total Home Instruction</b>	<u>36,380</u>	<u>(24,173)</u>	<u>12,207</u>	<u>12,133</u>	<u>74</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>4,083,658</u>	<u>229,450</u>	<u>4,313,108</u>	<u>4,270,726</u>	<u>42,382</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	190,795	3,000	193,795	193,795	
General Supplies	1,700	(1,700)			
<b>Total Basic Skills/Remedial - Instruction</b>	<u>192,495</u>	<u>1,300</u>	<u>193,795</u>	<u>193,795</u>	
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	19,469	4,129	23,598	23,598	
General Supplies	2,050	(1,876)	174	174	
<b>Total Bilingual Education - Instruction</b>	<u>21,519</u>	<u>2,253</u>	<u>23,772</u>	<u>23,772</u>	
<b>School-Spon. Cocurricular &amp; Extracurricular Actvts. - Inst.</b>					
Salaries	211,723	(26,030)	185,693	176,914	8,779
Purchased Services (300-500 series)	5,525	1,425	6,950	5,354	1,596
Supplies and Materials	15,750	50,182	65,932	11,614	54,318
Other Objects	5,200	(121)	5,079	854	4,225
<b>Total School-Spon. Cocurricular &amp; Extracurricular Actvts. - Inst.</b>	<u>238,198</u>	<u>25,456</u>	<u>263,654</u>	<u>194,736</u>	<u>68,918</u>
<b>School-Sponsored Athletics - Instruction</b>					
Salaries	504,439	57,408	561,847	442,157	119,690
Purchased Services (300-500 series)	139,690		139,690	88,193	51,497
Supplies and Materials	174,085	(8,900)	165,185	103,399	61,786
Other Objects	41,125	(6,611)	34,514	20,566	13,948
<b>Total School-Sponsored Athletics - Instruction</b>	<u>859,339</u>	<u>41,897</u>	<u>901,236</u>	<u>654,315</u>	<u>246,921</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit C-1  
 5 of 14

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Before/After School Programs - Instruction</b>					
Salaries of Teachers	\$ 25,000		\$ 25,000	\$ 7,899	\$ 17,101
<b>TOTAL BEFORE/AFTER SCHOOL PROGRAMS - INST.</b>	<u>25,000</u>		<u>25,000</u>	<u>7,899</u>	<u>17,101</u>
<b>TOTAL BEFORE/AFTER SCHOOL PROGRAMS</b>	<u>25,000</u>		<u>25,000</u>	<u>7,899</u>	<u>17,101</u>
<b>TOTAL INSTRUCTION</b>	<u>19,662,207</u>	\$ 131,056	<u>19,793,263</u>	<u>18,413,729</u>	<u>1,379,534</u>
<b>Undistributed Expenditures - Instruction</b>					
Tuition to Other LEAs Within the State-Regular	223,833	4,500	4,500	4,500	
Tuition to Other LEAs Within the State-Special	475,830	13,649	237,482	228,988	8,494
Tuition to County Voc. School Dist.-Regular	11,016	16,839	492,669	492,669	
Tuition to County Voc. School Dist.-Special			11,016	11,016	
Tuition to CSSD & Reg. Day Schools		15,113	15,113	15,113	
Tuition to Priv. Sch. for the Handicap. W/I State	1,712,693	(283,988)	1,428,705	798,852	629,853
<b>Total Undistributed Expenditures - Instruction</b>	<u>2,423,372</u>	<u>(233,887)</u>	<u>2,189,485</u>	<u>1,551,138</u>	<u>638,347</u>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	32,671		32,671	32,671	
<b>Total Undist. Expend. - Attendance and Social Work</b>	<u>32,671</u>		<u>32,671</u>	<u>32,671</u>	
<b>Undistributed Expenditures - Health Services</b>					
Salaries	415,115	(4,420)	410,695	385,801	24,894
Purchased Professional and Technical Services	15,121	23,724	38,845	37,369	1,476
Supplies and Materials	7,563	87,556	95,119	59,535	35,584
<b>Total Undist. Expenditures - Health Services</b>	<u>437,799</u>	<u>106,860</u>	<u>544,659</u>	<u>482,705</u>	<u>61,954</u>
<b>Undist. Expend. - Speech, OT, PT, Related Svcs</b>					
Salaries	288,553	(5,875)	282,678	258,006	24,672
Purchased Professional - Educational Services	301,000	44,764	345,764	325,388	20,376
Supplies and Materials	11,827	(998)	10,829	1,690	9,139
<b>Total Undist. Expend. - Speech, OT, PT, Related Svcs</b>	<u>601,380</u>	<u>37,891</u>	<u>639,271</u>	<u>585,084</u>	<u>54,187</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend.-Other Supp.Serv.Students-Extra.Serv.</b>					
Salaries	\$ 144,673	\$ (13,509)	\$ 131,164	\$ 104,880	\$ 26,284
Purchased Professional - Educational Services	204,612	(62,267)	142,345	102,028	40,317
Supplies and Materials	23,229		23,229	12,826	10,403
<b>Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.</b>	<b>372,514</b>	<b>(75,776)</b>	<b>296,738</b>	<b>219,734</b>	<b>77,004</b>
<b>Undist. Expend.-Guidance</b>					
Salaries of Other Professional Staff	680,652	3,120	683,772	682,632	1,140
Salaries of Secretarial and Clerical Assistants	47,130		47,130	47,130	
Purchased Professional - Educational Services	47,494	538	48,032	45,574	2,458
Other Purchased Prof. and Tech. Services	43,142	(13,186)	29,956	5,223	24,733
Other Purchased Services (400-500 series)	103,674	(500)	103,174	93,364	9,810
Supplies and Materials	1,500		1,500	769	731
Other Objects	850		850		850
<b>Total Undist Expend. - Guidance</b>	<b>924,442</b>	<b>(10,028)</b>	<b>914,414</b>	<b>874,692</b>	<b>39,722</b>
<b>Undist. Expend.-Child Study Team</b>					
Salaries of Other Professional Staff	636,163	15,763	651,926	615,176	36,750
Salaries of Secretarial and Clerical Assistants	48,993		48,993	48,993	
Purchased Professional - Educational Services	30,200	(220)	29,980	8,957	21,023
Other Purchased Prof. and Tech. Services	12,600	500	13,100	12,700	400
Other Purchased Services (400-500 series)	3,300		3,300	1,829	1,471
Supplies and Materials	15,911		15,911	10,052	5,859
Other Objects	250	220	470	470	
<b>Total Undist Expend. - Child Study Team</b>	<b>747,417</b>	<b>16,263</b>	<b>763,680</b>	<b>698,177</b>	<b>65,503</b>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend.-Improv. of Inst. Serv.</b>					
Salaries of Supervisors of Instruction	\$ 172,020	\$ 2,027	\$ 174,047	\$ 174,047	
Salaries of Other Professional Staff	811,582	(985)	810,597	781,723	\$ 28,874
Salaries of Secretarial and Clerical Assistants	69,123		69,123	69,123	
Other Purchased Prof. and Tech. Services	10,000		10,000		10,000
Other Purchased Services (400-500 series)	8,000		8,000		8,000
Supplies and Materials	15,596		15,596	11,962	3,634
Other Objects	5,900		5,900	4,332	1,568
<b>Total Undist. Expend.-Improv. of Inst. Serv.</b>	<b>1,092,221</b>	<b>1,042</b>	<b>1,093,263</b>	<b>1,041,187</b>	<b>52,076</b>
<b>Undist. Expend.-Edu. Media Serv./Sch. Library</b>					
Salaries	340,553	17,936	358,489	349,143	9,346
Salaries of Technology Coordinators	77,751		77,751	61,836	15,915
Purchased Professional and Technical Services	18,070	(536)	17,534	5,797	11,737
Supplies and Materials	29,947	3,952	33,899	19,411	14,488
<b>Total Undist Expend-Edu. Media Serv./Sch. Library</b>	<b>466,321</b>	<b>21,352</b>	<b>487,673</b>	<b>436,187</b>	<b>51,486</b>
<b>Undist.Expend.-Instructional Staff Training Services</b>					
Salaries of Other Professional Staff	5,150		5,150	3,027	2,123
Purchased Professional - Educational Service	27,270		27,270	12,630	14,640
Other Purchased Services (400-500 series)	52,730	(3,542)	49,188	3,065	46,123
Supplies and Materials	10,762		10,762	3,012	7,750
Other Objects	5,000		5,000	595	4,405
<b>Total Undist.Expend.-Instructional Staff Training Services</b>	<b>100,912</b>	<b>(3,542)</b>	<b>97,370</b>	<b>22,329</b>	<b>75,041</b>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Support Services - General Admin.</b>					
Salaries	\$ 292,211	\$ (4,330)	\$ 287,881	\$ 282,570	\$ 5,311
Legal Services	145,000	18,023	163,023	163,023	
Audit Fees	47,000		47,000	45,500	1,500
Architectural/Engineering Services	25,017	44,607	69,624		69,624
Other Purchased Professional Services	52,100	37,700	89,800	12,300	77,500
Purchased Technical Services	6,500		6,500	3,375	3,125
Communications / Telephone	217,323	(1,754)	215,569	30,252	185,317
BOE Other Purchased Services	8,160	(19)	8,141	994	7,147
Other Purch. Serv. (400-500 series other than 530 & 585)	137,576	1,422	138,998	79,963	59,035
General Supplies	10,200		10,200	1,876	8,324
BOE In-house training/ Meeting Supplies	3,060		3,060	285	2,775
Judgments Against The School District		350	350	350	
Miscellaneous Expenditures	4,800		4,800	2,732	2,068
BOE Membership Dues and Fees	18,360		18,360	16,573	1,787
<b>Total Undist. Expend. - Support Services - General Admin.</b>	<b>967,307</b>	<b>95,999</b>	<b>1,063,306</b>	<b>639,793</b>	<b>423,513</b>
<b>Undist. Expend.-Support Serv.-School Admin.</b>					
Salaries of Principals/Assistant Principals/Prog Director	1,022,811	(9,345)	1,013,466	1,003,134	10,332
Salaries of Secretarial and Clerical Assistants	485,764	15,228	500,992	455,721	45,271
Purchased Professional and Technical Services	64,136	164,117	228,253	2,422	225,831
Other Purchased Services (400-500 series)	78,360	(4,225)	74,135	9,376	64,759
Supplies and Materials	46,338	(1,689)	44,649	29,379	15,270
Other Objects	10,335	5,915	16,250	13,806	2,444
<b>Total Undist. Expend.-Support Serv.-School Adm.</b>	<b>1,707,744</b>	<b>170,001</b>	<b>1,877,745</b>	<b>1,513,838</b>	<b>363,907</b>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Central Services</b>					
Salaries	\$ 441,588		\$ 441,588	\$ 437,989	\$ 3,599
Purchased Professional Services	12,000		12,000	12,000	
Purchased Technical Services	117,395	\$ 97,370	214,765	31,809	182,956
Miscellaneous Purchased Services (400-500 series other than 594)	13,097	1,063	14,160	4,131	10,029
Supplies and Materials	17,079	(315)	16,764	8,860	7,904
Interest on Lease Purchase Agreements		567	567	567	
Other Objects	1,000	315	1,315	1,315	
<b>Total Undist. Expend. - Central Services</b>	<b>602,159</b>	<b>99,000</b>	<b>701,159</b>	<b>496,671</b>	<b>204,488</b>
<b>Undist. Expend. - Admin. Info. Technology</b>					
Salaries	214,130		214,130	179,978	34,152
Purchased Technical Services	160,890		160,890	59,792	101,098
Other Purchased Services (400-500 series)	250		250	250	
Supplies and Materials	16,665		16,665	5,952	10,713
<b>Total Undist. Expend. - Admin. Info. Technology</b>	<b>391,935</b>		<b>391,935</b>	<b>245,722</b>	<b>146,213</b>
<b>Undist. Expend.-Required Maintenance for School Facilities</b>					
Salaries	243,763		243,763	179,515	64,248
Cleaning, Repair, and Maintenance Services	421,046	(7,624)	413,422	154,394	259,028
General Supplies	126,610	183,416	310,026	233,561	76,465
Other Objects	1,500		1,500	1,500	
<b>Total Undist. Expend.- Required Maint. for School Facilities</b>	<b>792,919</b>	<b>175,792</b>	<b>968,711</b>	<b>567,470</b>	<b>401,241</b>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend.-Custodial Services</b>					
Salaries	\$ 1,039,908		\$ 1,039,908	\$ 953,512	\$ 86,396
Salaries of Non-Instructional Aides	82,000		82,000		82,000
Purchased Professional and Technical Services	10,493		10,493	1,550	8,943
Cleaning, Repair, and Maintenance Services	81,710		81,710	70,467	11,243
Other Purchased Property Services	193,125	\$ (20,171)	172,954	51,587	121,367
Insurance	207,269		207,269	207,269	
Miscellaneous Purchased Services	3,000	(790)	2,210		2,210
General Supplies	125,000	(19,791)	105,209	14,824	90,385
Energy (Natural Gas)	289,680	(271)	289,409	237,367	52,042
Energy (Electricity)	409,000		409,000	259,243	149,757
Energy (Gasoline)	10,000		10,000		10,000
Other Objects	2,500		2,500	385	2,115
<b>Total Undist. Expend.-Custodial Services</b>	<b>2,453,685</b>	<b>(41,023)</b>	<b>2,412,662</b>	<b>1,796,204</b>	<b>616,458</b>
<b>Care and Upkeep of Grounds</b>					
Cleaning, Repair, and Maintenance Services	71,543	5,950	77,493	72,956	4,537
General Supplies	26,503	(5,950)	20,553	13,240	7,313
<b>TOTAL CARE AND UPKEEP OF GROUNDS</b>	<b>98,046</b>		<b>98,046</b>	<b>86,196</b>	<b>11,850</b>
<b>Security</b>					
Salaries	251,070		251,070	152,435	98,635
Purchased Professional and Technical Services	25,000		25,000	11,500	13,500
Cleaning, Repair, and Maintenance Services	7,500	273	7,773	6,773	1,000
General Supplies	55,470	(273)	55,197	26,586	28,611
Other Objects	500		500	169	331
<b>TOTAL SECURITY</b>	<b>339,540</b>		<b>339,540</b>	<b>197,463</b>	<b>142,077</b>
<b>Total Undist. Expend.-Oper. and Maint. of Plant Serv.</b>	<b>3,684,190</b>	<b>134,769</b>	<b>3,818,959</b>	<b>2,647,333</b>	<b>1,171,626</b>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit C-1  
11 of 14

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend.-Student Transportation Serv.</b>					
Salaries of Non-Instructional Aides	\$ 12,424		\$ 12,424	\$ 4,492	\$ 7,932
Sal. for Pupil Trans. (Bet. Home and Sch)-Reg.	128,481		128,481	107,461	21,020
Sal. for Pupil Trans. (Bet. Home and Sch)-Spl. Ed.	148,892		148,892	114,121	34,771
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	75,000		75,000	16,251	58,749
Management Fee - ESC&CTSA Transportation Program	22,000		22,000	15,497	6,503
Cleaning, Repair, and Maint. Services	55,000	\$ (25,500)	29,500	14,320	15,180
Lease Purchase Payments - School Buses	39,375		39,375	39,375	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studis	94,520	(30,000)	64,520	62,779	1,741
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	91,500	(1,443)	90,057	89,382	675
Contract. Serv.(Spl. Ed. Students)-Vendors	18,500		18,500	1,000	17,500
Contract. Serv.(Reg. Students)-ESCs & CTSA	68,600	31,443	100,043	100,043	
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	376,000	(40,677)	335,323	280,182	55,141
Misc. Purchased Serv. - Transportation	1,500		1,500		1,500
General Supplies	2,200		2,200	398	1,802
Transportation Supplies	42,000		42,000	8,185	33,815
Other Objects	2,000		2,000	1,297	703
<b>Total Undist. Expend.-Student Trans. Serv.</b>	<u>1,177,992</u>	<u>(66,177)</u>	<u>1,111,815</u>	<u>854,783</u>	<u>257,032</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit C-1  
12 of 14

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	\$ 462,375		\$ 462,375	\$ 376,676	\$ 85,699
Other Retirement Contributions - PERS	450,000	\$ (22,000)	428,000	401,133	26,867
Other Retirement Contributions - ERIP	40,000	(40,000)			
Other Retirement Contributions - Regular		40,000	40,000	24,532	15,468
Unemployment Compensation	50,000		50,000	50,000	
Workers Compensation	220,000		220,000	161,968	58,032
Health Benefits	6,041,168	(642,626)	5,398,542	4,839,059	559,483
Tuition Reimbursement	121,325		121,325	65,363	55,962
Other Employee Benefits	207,667		207,667	145,057	62,610
Unused Sick Payment to Terminated/Retired Staff	70,000		70,000	40,824	29,176
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>7,662,535</u>	<u>(664,626)</u>	<u>6,997,909</u>	<u>6,104,612</u>	<u>893,297</u>
<b>ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>					
TPAF Post Retirement Contributions (Non-Budgeted)			1,383,781	1,383,781	(1,383,781)
TPAF Pension Contributions (Non-Budgeted)			4,415,602	4,415,602	(4,415,602)
TPAF Non-Contributory Insurance (Non-Budgeted)			82,444	82,444	(82,444)
TPAF Long-Term Disability Insurance (Non-Budgeted)			2,413	2,413	(2,413)
Reimbursed TPAF Social Security Contributions			1,262,251	1,262,251	(1,262,251)
<b>TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>			<u>7,146,491</u>	<u>7,146,491</u>	<u>(7,146,491)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>7,662,535</u>	<u>(664,626)</u>	<u>6,997,909</u>	<u>13,251,103</u>	<u>(6,253,194)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>23,392,911</u>	<u>(370,859)</u>	<u>23,022,052</u>	<u>25,593,147</u>	<u>(2,571,095)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>43,055,118</u>	<u>(239,803)</u>	<u>42,815,315</u>	<u>44,006,876</u>	<u>(1,191,561)</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
<b>Undistributed:</b>					
Undistributed Expenditures - Instruction	\$ 18,677	\$ 10,611	\$ 29,288	\$ 12,027	\$ 17,261
Undistributed Expenditures - School Admin.	16,530	18,724	35,254	18,376	16,878
Undistributed Expenditures - Admin. Info. Tech.	75,000	(24,200)	50,800		50,800
Undist. Expend. - Custodial Services	9,900	18,000	27,900	8,057	19,843
Undist. Expend. - Security		106,095	106,095		106,095
<b>TOTAL EQUIPMENT</b>	<u>120,107</u>	<u>129,230</u>	<u>249,337</u>	<u>38,460</u>	<u>210,877</u>
<b>Facilities Acquisition and Construction Serv.</b>					
Architectural/Engineering Services		8,300	8,300		8,300
Construction Services		41,295	41,295	41,295	
Assessment for Debt Service on SDA Funding	2,793		2,793	2,793	
<b>Total Facilities Acquisition and Const. Serv.</b>	<u>2,793</u>	<u>49,595</u>	<u>52,388</u>	<u>44,088</u>	<u>8,300</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>122,900</u>	<u>178,825</u>	<u>301,725</u>	<u>82,548</u>	<u>219,177</u>
<b>TOTAL EXPENDITURES</b>	<u>43,178,018</u>	<u>(60,978)</u>	<u>43,117,040</u>	<u>44,089,424</u>	<u>(972,384)</u>
<b>Excess/(Deficit) of Revenues Over/(Under) Expenditures</b>	<u>(3,151,455)</u>	<u>148,701</u>	<u>(3,002,754)</u>	<u>3,923,512</u>	<u>6,926,266</u>
<b>OTHER FINANCING SOURCES/(USES):</b>					
Transfers to Cover Deficit (Enterprise Fund)		(60,000)	(60,000)	(60,000)	
Capital Reserve - Transfer to Capital Projects Fund	(2,242,484)	(88,701)	(2,331,185)	(2,019,826)	311,359
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<u>(2,242,484)</u>	<u>(148,701)</u>	<u>(2,391,185)</u>	<u>(2,079,826)</u>	<u>311,359</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit C-1  
14 of 14

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to</u> <u>Actual</u>
<b>Excess/(Deficit) of Revenues and Other Financing Sources</b>					
<b>Over/(Under) Expenditures and Other Financing Uses</b>					
<b>Fund Balance, July 1 (Restated)</b>	\$ 11,820,249		11,820,249	11,820,249	
<b>Fund Balance, June 30</b>	\$ 6,426,310	\$ - 0 -	\$ 6,426,310	\$ 13,663,935	\$ 7,237,625
<b><u>Recapitulation:</u></b>					
Restricted Fund Balance:				\$ 3,000,000	
Excess Surplus - Restricted For 2022-2023				2,000,000	
Excess Surplus - Restricted For 2021-2022				3,160,031	
Capital Reserve				1,341,000	
Maintenance Reserve				617,012	
Unemployment Compensation					
Assigned Fund Balance:					
Year End Encumbrances				814,436	
Designated for Subsequent Year's Expenditures				883,781	
Unassigned Fund Balance				1,847,675	
				<u>13,663,935</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(211,655)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 13,452,280</u>	

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		\$ 189,496	\$ 189,496	\$ 180,309	\$ (9,187)
State Sources	\$ 237,337	105,712	343,049	279,533	(63,516)
Federal Sources	535,026	283,000	818,026	728,048	(89,978)
Total Revenues	<u>772,363</u>	<u>578,208</u>	<u>1,350,571</u>	<u>1,187,890</u>	<u>(162,681)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	35,249	38,520	73,769	40,780	32,989
Purchased Professional - Educational Services	159,413	74,853	234,266	201,135	33,131
Tuition	463,695	(27,002)	436,693	436,693	
General Supplies	73,663	144,576	218,239	178,982	39,257
Textbooks	16,746	4,146	20,892	20,892	
Total Instruction	<u>748,766</u>	<u>235,093</u>	<u>983,859</u>	<u>878,482</u>	<u>105,377</u>
Support Services:					
Personal Services - Employee Benefits		5,429	5,429		5,429
Purchase Professional - Educational Services		152,003	152,003	114,264	37,739
Purchased Professional and Technical Services	23,597	8,459	32,056	17,920	14,136
Other Objects		5,000	5,000	5,000	
Student Activities		180,479	180,479	180,479	
Scholarships		6,500	6,500	6,500	
Total Support Services	<u>23,597</u>	<u>357,870</u>	<u>381,467</u>	<u>324,163</u>	<u>57,304</u>
Total Expenditures	<u>772,363</u>	<u>592,963</u>	<u>1,365,326</u>	<u>1,202,645</u>	<u>162,681</u>
Excess of Revenues Over Expenditures	<u>\$ -0-</u>	<u>\$ (14,755)</u>	<u>\$ (14,755)</u>	<u>\$ (14,755)</u>	<u>\$ -0-</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	General Fund	Special Revenue Fund
	<u>                    </u>	<u>                    </u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule Difference - Budget to GAAP:	\$ 48,012,936	\$ 1,187,890
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP basis does not.		
Current Year Encumbrances		(5,285)
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes.	217,435	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(211,655)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 48,018,716</u>	<u>\$ 1,182,605</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 44,089,424	\$ 1,202,645
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		<u>(5,285)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 44,089,424</u>	<u>\$ 1,197,360</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County Office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	IDEA, Part B		Elementary and Secondary Education Act		CARES Emergency Relief	Coronavirus Relief Fund
	Basic	Preschool	Title I	Title II, Part A		
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 542,898	\$ 15,567	\$ 38,958	\$ 11,492	\$ 3,026	\$ 59,799
Total Revenue	542,898	15,567	38,958	11,492	3,026	59,799
EXPENDITURES:						
Instruction:						
Salaries of Teachers			37,980			
Purchased Professional - Educational Services						
Tuition	436,693					
General Supplies		2,973	978		1,133	59,799
Textbooks						
Total Instruction	436,693	2,973	38,958		1,133	59,799
Support Services:						
Purchased Professional and Technical Services	106,205	8,059				
Other Purchased Professional Services		4,535		11,492	1,893	
Other Objects						
Student Activities						
Scholarships						
Total Support Services	106,205	12,594		11,492	1,893	
Total Expenditures	\$ 542,898	\$ 15,567	\$ 38,958	\$ 11,492	\$ 3,026	\$ 59,799

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Nonpublic					
	Auxiliary Services		Nonpublic Handicapped Services			
	Compensatory Education	Exam and Classification	Supplementary Instruction	Corrective Speech	Student Activities	Scholarships
REVENUE:						
Local Sources						
State Sources	\$ 61,571	\$ 43,314	\$ 45,089	\$ 15,767	\$ 171,787	\$ 437
Federal Sources						
Total Revenue	61,571	43,314	45,089	15,767	171,787	437
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional - Educational Services	61,571	43,314	45,089	15,767		
Tuition						
General Supplies						
Textbooks						
Total Instruction	61,571	43,314	45,089	15,767		
Support Services:						
Purchased Professional and Technical Services						
Other Purchased Professional Services						
Other Objects						
Student Activities					180,479	
Scholarships						6,500
Total Support Services					180,479	6,500
Total Expenditures	\$ 61,571	\$ 43,314	\$ 45,089	\$ 15,767	\$ 180,479	\$ 6,500

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Local Grants	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Security	CRF Nonpublic Technology	Totals
<b>REVENUE:</b>						
Local Sources	\$ 8,085					\$ 180,309
State Sources		\$ 35,394	\$ 20,892	\$ 57,506		279,533
Federal Sources					\$ 14,732	728,048
<b>Total Revenue</b>	<b>8,085</b>	<b>35,394</b>	<b>20,892</b>	<b>57,506</b>	<b>14,732</b>	<b>1,187,890</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	2,800					40,780
Purchased Professional - Educational Services		35,394				201,135
Tuition						436,693
General Supplies	285			57,506	14,732	178,982
Textbooks			20,892			20,892
<b>Total Instruction</b>	<b>3,085</b>	<b>35,394</b>	<b>20,892</b>	<b>57,506</b>	<b>14,732</b>	<b>878,482</b>
<b>Support Services:</b>						
Purchased Professional and Technical Services						114,264
Other Purchased Professional Services						17,920
Other Objects	5,000					5,000
Student Activities						180,479
Scholarships						6,500
<b>Total Support Services</b>	<b>5,000</b>					<b>324,163</b>
<b>Total Expenditures</b>	<b>\$ 8,085</b>	<b>\$ 35,394</b>	<b>\$ 20,892</b>	<b>\$ 57,506</b>	<b>\$ 14,732</b>	<b>\$ 1,202,645</b>

**CAPITAL PROJECTS FUND**

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Revenue and Other Financing Sources:	
Lease Proceeds	\$ 5,225,698
Transfer from General Fund - Capital Reserve	<u>2,019,826</u>
Total Revenue and Other Financing Sources	<u>7,245,524</u>
Expenditures:	
Purchased Professional and Technical Services	22,679
Construction Services	1,340,564
Equipment Purchases	<u>229,961</u>
Total Expenditures	<u>1,593,204</u>
Excess of Revenue and Other Financing Sources Over Expenditures	5,652,320
Fund Balance - Beginning	<u>2,410,252</u>
Fund Balance - Ending	<u><u>\$ 8,062,572</u></u>
<u>Recapitulation:</u>	
Fund Balance - Committed (Budgetary)	\$ 8,062,572
Reconciliation to Governmental Funds Statement (GAAP):	
State Sources - SDA Grant Revenue not Recognized on GAAP Basis	<u>(2,336,746)</u>
Fund Balance per Governmental Funds - Committed (GAAP)	<u><u>\$ 5,725,826</u></u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
ROOF REPLACEMENT AND VARIOUS RENOVATIONS AT HILLVIEW ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 508,880		\$ 508,880	\$ 508,880
Transfer from Capital Reserve	763,320		763,320	763,320
<b>Total Revenue and Other Financing Sources</b>	<b>1,272,200</b>		<b>1,272,200</b>	<b>1,272,200</b>
Expenditures:				
Purchased Professional & Technical Services	64,982		64,982	200,200
Construction Services	619,360		619,360	1,072,000
<b>Total Expenditures</b>	<b>684,342</b>		<b>684,342</b>	<b>1,272,200</b>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 587,858</u>	<u>\$ - 0 -</u>	<u>\$ 587,858</u>	<u>\$ - 0 -</u>

## Additional Project Information:

Project Number(s)	4080-055-14-1002
Grant Date	6/15/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,272,200
Percentage Completion	100.00%
Original Target Completion Date	8/31/2014
Revised Target Completion Date	12/31/2016

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
STEPHEN J. GERACE ELEMENTARY SCHOOL WINDOW REPLACEMENT PROJECT,  
ROOF REPAIR AND SECURITY INFRASTRUCTURE  
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 483,393		\$ 483,393	\$ 483,393
Transfer from Capital Reserve	725,089		725,089	725,089
<b>Total Revenue and Other Financing Sources</b>	<b>1,208,482</b>		<b>1,208,482</b>	<b>1,208,482</b>
Expenditures:				
Purchased Professional & Technical Services	\$ 78,998		78,998	169,482
Construction Services	661,320		661,320	1,039,000
<b>Total Expenditures</b>	<b>740,318</b>		<b>740,318</b>	<b>1,208,482</b>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 468,164</u>	<u>\$ - 0 -</u>	<u>\$ 468,164</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number(s)	4080-100-14-1005
Grant Date	2/24/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,208,482
Percentage Completion	100.00%
Original Target Completion Date	12/31/2016

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
PEQUANNOCK HIGH SCHOOL WINDOW REPLACEMENT, GENERATOR  
AND SECURITY INFRASTRUCTURE  
FROM INCEPTION AND FOR THE YEAR FISCAL ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 453,700		\$ 453,700	\$ 453,700
Transfer from Capital Reserve	680,550		680,550	880,550
Total Revenue and Other Financing Sources	<u>1,134,250</u>		<u>1,134,250</u>	<u>1,334,250</u>
Expenditures:				
Purchased Professional & Technical Services	25,885		25,885	176,750
Construction Services	357,919		357,919	1,157,500
Total Expenditures	<u>383,804</u>		<u>383,804</u>	<u>1,334,250</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 750,446</u>	<u>\$ - 0 -</u>	<u>\$ 750,446</u>	<u>\$ - 0 -</u>

## Additional Project Information:

Project Number(s)	4080-100-14-1001
Grant Date	2/24/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,334,250
Percentage Completion	100.00%
Original Target Completion Date	12/31/2016
Revised Target Completion Date	6/30/2017

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
ROOF REPLACEMENT AND VARIOUS RENOVATIONS AT  
NORTH BOULEVARD ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 315,968		\$ 315,968	\$ 315,968
Transfer from Capital Reserve	473,951		473,951	473,951
<b>Total Revenue and Other Financing Sources</b>	<b>789,919</b>		<b>789,919</b>	<b>789,919</b>
Expenditures:				
Purchased Professional & Technical Services	\$ 57,718		57,718	57,719
Construction Services	700,309		700,309	732,200
<b>Total Expenditures</b>	<b>758,027</b>		<b>758,027</b>	<b>789,919</b>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 31,892</u>	<u>\$ - 0 -</u>	<u>\$ 31,892</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number(s)	4080-060-14-1003
Grant Date	6/15/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 789,919
Percentage Completion	100.00%
Original Target Completion Date	8/31/2014
Revised Target Completion Date	12/31/2016

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
ROOF REPLACEMENT AND VARIOUS RENOVATIONS AT  
PEQUANNOCK VALLEY MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 574,805		\$ 574,805	\$ 574,805
Transfer from Capital Reserve	1,156,208		1,156,208	1,156,208
<b>Total Revenue and Other Financing Sources</b>	<b>1,731,013</b>		<b>1,731,013</b>	<b>1,731,013</b>
Expenditures:				
Purchased Professional & Technical Services	98,942		98,942	216,813
Construction Services	1,310,179		1,310,179	1,514,200
<b>Total Expenditures</b>	<b>1,409,121</b>		<b>1,409,121</b>	<b>1,731,013</b>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 321,892</u>	<u>\$ - 0 -</u>	<u>\$ 321,892</u>	<u>\$ - 0 -</u>

## Additional Project Information:

Project Number(s)	4080-080-14-1004
Grant Date	6/15/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,731,013
Percentage Completion	100.00%
Original Target Completion Date	8/31/2014
Revised Target Completion Date	11/14/2016

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
BUS, MAINTENANCE VEHICLE AND VARIOUS EQUIPMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Proceeds	\$ 250,000		\$ 250,000	\$ 250,000
Total Revenue and Other Financing Sources	<u>250,000</u>		<u>250,000</u>	<u>250,000</u>
Expenditures:				
Equipment Purchases		\$ 229,961	229,961	250,000
Total Expenditures		<u>229,961</u>	<u>229,961</u>	<u>250,000</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 250,000</u>	<u>\$ (229,961)</u>	<u>\$ 20,039</u>	<u>\$ - 0 -</u>

## Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Lease Authorization	\$ 250,000
Original Authorized Cost	\$ 250,000
Percentage Completion	91.98%
Original Target Completion Date	9/30/2021

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
ENERGY SAVINGS IMPROVEMENT PROGRAM PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 5,225,698	\$5,225,698	\$ 5,225,698
Total Revenue and Other Financing Sources		5,225,698	5,225,698	5,225,698
Expenditures:				
Purchased Professional & Technical Services		15,000	15,000	15,000
Construction Services		1,198,066	1,198,066	5,210,698
Total Expenditures		1,213,066	1,213,066	5,225,698
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ - 0 -	\$ 4,012,632	\$4,012,632	\$ - 0 -

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Lease Issued	\$ 5,225,698
Original Authorized Cost	\$ 5,225,698
Revised Authorized Cost	\$ 5,225,698
Percentage Completion	23.21%
Original Target Completion Date	9/30/2021

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
VARIOUS 2021 PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 2,019,826	\$ 2,019,826	\$ 2,019,826
Total Revenue and Other Financing Sources		2,019,826	2,019,826	2,019,826
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services		7,679	7,679	15,297
Construction Services		142,498	142,498	2,004,529
Total Expenditures and Other Financing Uses		150,177	150,177	2,019,826
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ - 0 -	\$ 1,869,649	\$1,869,649	\$ - 0 -

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,019,826
Percentage Completion	7.44%
Original Target Completion Date	7/1/2020
Revised Target Completion Date	9/30/2021

**PROPRIETARY FUNDS**

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	<u>Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 5,505
Inventory	11,032
	16,537
Total Current Assets	16,537
Non-Current Assets:	
Capital Assets	171,426
Less: Accumulated Depreciation	(118,098)
	53,328
Total Non-Current Assets	53,328
Total Assets	69,865
<b>LIABILITIES:</b>	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	19,564
Accounts Payable - Vendors	8,823
	28,387
Total Liabilities	28,387
<b>NET POSITION:</b>	
Investment in Capital Assets	53,328
Unrestricted/(Deficit)	(11,850)
	41,478
Total Net Position	\$ 41,478

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	<u>Food Service</u>
Local Sources:	
Daily Sales - Nonreimbursable Programs	\$ 5,299
Special Events	192
	<hr/>
Total Operating Revenue	5,491
	<hr/>
Operating Expenses:	
Cost of Sales - Nonreimbursable Programs	5,951
Salaries	13,243
Payroll Taxes	1,832
Employee Benefits	1,652
Management Fee	32,725
Supplies and Materials	7,283
Depreciation Expense	8,498
Miscellaneous Expenses	15,866
	<hr/>
Total Operating Expenses	87,050
	<hr/>
Operating (Loss)	(81,559)
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	12
	<hr/>
Total Non-Operating Revenue	12
	<hr/>
Change in Net Position Before Transfer	(81,547)
	<hr/>
Transfer - General Fund	60,000
	<hr/>
Change in Net Assets After Capital Assets Adjustment	(21,547)
	<hr/>
Net Position - Beginning of Year (Restated)	63,025
	<hr/>
Net Position - End of Year	\$ 41,478
	<hr/> <hr/>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 4,340
Payments to Food Service Vendors	(70,919)
Net Cash Provided by/(Used for) used for Operating Activities	(66,579)
Cash Flows from Investing Activities:	
Interest Revenue	12
Net Cash Provided by/(Used for) Investing Activities	12
Cash Flows from Noncapital Financing Activities:	
Transfer - Board Contribution	60,000
Net Cash Provided by Noncapital Financing Activities	60,000
Net Increase/(Decrease) in Cash and Cash Equivalents	(6,567)
Cash and Cash Equivalents, July 1	12,072
Cash and Cash Equivalents, June 30	\$ 5,505
Reconciliation of Operating Loss to Net Cash	
Provided by/(Used for) Operating Activities:	
Operating (Loss)	\$ (81,559)
Adjustment to Reconcile Operating Loss to Cash	
Provided by / (Used for) Operating Activities:	
Depreciation	8,498
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	(801)
Increase/(Decrease) in Prepaid Sales	(1,151)
Decrease/(Increase) in Inventory	8,434
Net Cash Provided by/(Used for) Operating Activities	\$ (66,579)

**FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)**

**LONG-TERM DEBT**

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Matured	Balance July 1, 2020	Balance June 30, 2021
			Date	Outstanding Amount				
School Renovation Project	8/29/2013	\$ 3,350,000	8/12/2021	\$ 210,000	2.500%			
			8/12/2022	220,000	2.750%			
			8/12/2023	225,000	3.000%			
			8/12/2024	250,000	3.000%			
			8/12/2025	265,000	3.250%			
			8/12/2026	275,000	3.375%			
			8/12/2027	285,000	3.625%			
			8/12/2028	290,000	3.750%			
			8/12/2029	300,000	3.875%	\$ 200,000	\$ 2,520,000	\$ 2,320,000
Refunding Bonds	2/25/2016	9,025,000	1/15/2022	745,000	4.000%			
			1/15/2023	770,000	4.000%			
			1/15/2024	805,000	4.000%			
			1/15/2025	840,000	4.000%			
			1/15/2026	870,000	4.000%			
			1/15/2027	910,000	4.000%			
			1/15/2028	950,000	4.000%			
			1/15/2029	995,000	4.000%	720,000	7,605,000	6,885,000
							\$ 10,125,000	\$ 9,205,000

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Purpose	Date of Issue	Original Issue	Interest Rate	Balance		Matured	Balance June 30, 2021
				July 1, 2020	Issued		
Bus and Maintenance Vehicle	6/4/2020	\$ 250,000	1.86%	\$ 250,000		\$ 51,406	\$ 198,594
Energy Savings Improvement Plan	5/12/2021	5,225,698	1.83%		\$ 5,225,698		5,225,698
				<u>\$ 250,000</u>	<u>\$ 5,225,698</u>	<u>\$ 51,406</u>	<u>\$ 5,424,292</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 957,815		\$ 957,815	\$ 957,815	
State Sources:					
Debt Service Aid Type II	344,660		344,660	344,660	
Total Revenues	1,302,475		1,302,475	1,302,475	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest and Other Charges	382,475		382,475	382,475	
Redemption of Principal	920,000		920,000	920,000	
Total Regular Debt Service	1,302,475		1,302,475	1,302,475	
Total Expenditures	1,302,475		1,302,475	1,302,475	
Excess of Revenues Over Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
<b>Operating Information</b> These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	June 30,				
	2012	2013	2014	2015	2016
Governmental Activities:					
Net Investment in Capital Assets	\$ 11,386,194	\$ 11,779,227	\$ 10,897,989	\$ 15,002,450	\$ 19,449,441
Restricted	6,444,812	6,678,692	9,175,464	6,680,364	4,808,520
Unrestricted/(Deficit)	(580,527)	48,615	(8,832,048)	(9,700,752)	(8,036,597)
Total Governmental Activities Net Position	<u>\$ 17,250,479</u>	<u>\$ 18,506,534</u>	<u>\$ 11,241,405</u>	<u>\$ 11,982,062</u>	<u>\$ 16,221,364</u>
Business-type Activities:					
Investment in Capital Assets	\$ 3,947	\$ 2,667	\$ 15,429	\$ 11,678	\$ 22,579
Unrestricted/(Deficit)	41,516	62,735	24,308	57,625	49,483
Total Business-type Activities Net Position	<u>\$ 45,463</u>	<u>\$ 65,402</u>	<u>\$ 39,737</u>	<u>\$ 69,303</u>	<u>\$ 72,062</u>
District-wide:					
Net Investment in Capital Assets	\$ 11,390,141	\$ 11,781,894	\$ 10,913,418	\$ 15,014,128	\$ 19,472,020
Restricted	6,444,812	6,678,692	9,175,464	6,680,364	4,808,520
Unrestricted/(Deficit)	(539,011)	111,350	(8,807,740)	(9,643,127)	(7,987,114)
Total District-wide Net Position	<u>\$ 17,295,942</u>	<u>\$ 18,571,936</u>	<u>\$ 11,281,142</u>	<u>\$ 12,051,365</u>	<u>\$ 16,293,426</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	June 30,			
	2017	2018	2019	2020 * 2021
Governmental Activities:				
Net Investment in Capital Assets	\$ 15,601,657	\$ 16,691,630	\$ 17,708,038	\$ 17,753,408
Restricted	6,023,368	5,923,057	6,221,057	9,942,765
Unrestricted/(Deficit)	(10,039,782)	(9,801,768)	(9,487,392)	(8,594,626)
Total Governmental Activities Net Position	<u>\$ 11,585,243</u>	<u>\$ 12,812,919</u>	<u>\$ 14,441,703</u>	<u>\$ 19,101,547</u>
Business-type Activities:				
Investment in Capital Assets	\$ 22,059	\$ 38,332	\$ 38,520	\$ 61,826
Unrestricted/(Deficit)	55,770	30,286	23,068	1,199
Total Business-type Activities Net Position	<u>\$ 77,829</u>	<u>\$ 68,618</u>	<u>\$ 61,588</u>	<u>\$ 63,025</u>
District-wide:				
Net Investment in Capital Assets	\$ 15,623,716	\$ 16,729,962	\$ 17,746,558	\$ 17,815,234
Restricted	6,023,368	5,923,057	6,221,057	9,942,765
Unrestricted/(Deficit)	(9,984,012)	(9,771,482)	(9,464,324)	(8,593,427)
Total District-wide Net Position	<u>\$ 11,663,072</u>	<u>\$ 12,881,537</u>	<u>\$ 14,503,291</u>	<u>\$ 19,164,572</u>

\* - Restated

Source: Pequannock Township School District Financial Reports.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 16,424,691	\$ 17,204,470	\$ 17,288,486	\$ 20,102,745	\$ 20,356,850	\$ 23,161,900	\$ 24,311,883	\$ 22,596,936	\$ 20,902,487	\$ 22,869,624
Special Education	5,585,178	5,392,492	5,226,471	5,810,299	6,315,970	7,109,136	6,880,544	6,084,379	5,961,531	6,848,438
Other Special Instruction	545,078	337,613	335,517	635,573	712,544	471,048	402,146	390,077	343,130	395,214
School Sponsored Instruction	756,034	889,036	974,701	1,180,467	1,259,036	1,479,322	1,469,927	1,361,289	1,329,613	1,369,288
Support Services:										
Tuition	1,822,467	1,692,099	1,759,129	2,415,310	2,275,185	1,885,284	2,253,517	2,020,279	2,159,405	1,987,831
Student & Instruction Related Services	4,444,681	4,517,707	4,716,527	5,029,259	5,344,281	5,780,071	6,054,130	5,942,987	5,917,883	5,856,847
General Administration Services	944,958	809,157	794,428	707,109	639,725	623,713	684,108	833,062	842,367	745,278
School Administration Services	2,128,209	2,435,971	1,962,188	2,568,393	2,740,609	2,626,583	2,944,449	2,775,403	2,628,329	2,642,594
Central Services	583,280	532,573	507,535	526,938	508,638	594,207	594,457	603,736	598,104	622,960
Administrative Information Technology	203,608	242,416	243,475	52,889	83,497	326,248	311,476	304,293	315,399	360,809
Plant Operations and Maintenance	2,977,172	2,619,567	2,913,742	2,913,546	2,282,507	3,032,863	3,659,460	4,013,680	3,016,727	3,392,454
Pupil Transportation	1,008,460	962,456	1,085,674	1,160,443	1,236,391	1,287,637	1,322,997	1,281,338	1,284,704	1,417,713
Charter Schools	22,590									
Interest on Long-term Debt	534,977	532,914	504,650	653,130	360,486	556,024	406,202	378,575	354,143	325,606
Capital Outlay			2,793	2,587						
Total Governmental Activities Expenses	37,981,383	38,168,471	38,315,316	43,758,688	44,115,719	48,934,036	51,295,296	48,586,034	45,653,822	48,834,656
Business-type Activities:										
Food Service	710,854	667,338	712,616	630,439	615,384	691,714	798,574	820,867	598,961	87,050
Total Business-type Activities Expenses	710,854	667,338	712,616	630,439	615,384	691,714	798,574	820,867	598,961	87,050
Total District-wide Expenses	38,692,237	38,835,809	39,027,932	44,389,127	44,731,103	49,625,750	52,093,870	49,406,901	46,252,783	48,921,706
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services:										
Tuition	290,475	282,211	403,512	306,786	313,874	331,675	416,809	321,868	775,009	1,059,723
Student Activities										172,224
Pupil Transportation	35,429	25,755	22,073	13,505	19,004	30,326				
Operating Grants and Contributions	4,882,140	5,713,196	6,057,351	5,680,108	10,037,487	11,190,927	14,436,463	16,107,937	11,224,639	12,542,338
Total Governmental Activities Program Revenues	5,208,044	6,021,162	6,482,936	6,000,399	10,370,365	11,552,928	14,853,272	16,429,805	11,999,648	13,774,285

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Program Revenues:</b>										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 587,050	\$ 586,355	\$ 579,114	\$ 553,402	\$ 538,728	\$ 695,172	\$ 768,387	\$ 789,893	\$ 569,464	\$ 5,491
Operating Grants and Contributions	91,244	100,690	107,539	106,463	79,101	1,704	19,869	21,944		
Total Business-type Activities Program Revenues	678,294	687,045	686,653	659,865	617,829	696,876	788,256	811,837	569,464	5,491
Total District-wide Program Revenues	6,699,456	7,169,981	6,687,052	11,030,230	12,170,757	15,550,148	15,550,148	14,154,212	12,569,112	13,779,776
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	(31,960,221)	(31,685,535)	(32,314,917)	(33,388,323)	(32,562,791)	(34,080,764)	(34,865,491)	(35,243,659)	(33,654,174)	(35,060,371)
Business-Type Activities	(32,560)	19,707	(25,963)	29,426	2,445	5,162	(10,318)	(9,030)	(29,497)	(81,559)
Total District-wide Net (Expense)/Revenue	(31,992,781)	(31,665,828)	(32,340,880)	(33,358,897)	(32,560,346)	(34,075,602)	(34,075,602)	(35,252,689)	(33,683,671)	(35,141,930)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	30,946,682	30,921,682	31,150,449	31,711,157	32,281,958	33,139,323	33,536,481	34,994,588	35,694,480	36,408,370
Taxes Levied for Debt Service	769,537	714,845	730,986	874,265	820,694	795,800	827,445	939,888	947,329	957,815
Unrestricted Grants and Contributions	975,672	1,055,622	1,107,834	1,088,258	1,132,036	1,148,700	892,436	983,314	961,569	985,413
Investment Earnings	11,117	10,888	19,133	8,306	19,223	9,715	13,828	16,826	11,819	5,957
Miscellaneous Income	357,666	289,936	610,611	446,994	415,703	258,167	410,646	474,262	470,984	377,573
Transfers										(60,000)
Total Governmental Activities General Revenues & Other Changes in Net Position	33,060,674	32,992,973	33,619,013	34,128,980	34,669,614	35,351,705	35,680,836	37,408,878	38,086,181	38,675,128
Business-type Activities:										
Investment Earnings	232	232	298	140	314	605	1,107	2,000	1,188	12
Transfers										60,000
Total Business-type Activities General Revenues & Other Changes in Net Position	232	232	298	140	314	605	1,107	2,000	1,188	60,012
Total District-wide General Revenues & Other Changes in Net Position	33,060,906	32,993,205	33,619,311	34,129,120	34,669,928	35,352,310	35,681,943	37,410,878	38,087,369	38,735,140
<b>Change in Net Position:</b>										
Governmental Activities	1,100,453	1,307,438	1,304,096	740,657	2,106,823	1,270,941	815,345	2,165,219	4,432,007	3,614,757
Business-type Activities	(32,328)	19,939	(25,665)	29,566	2,759	5,767	(9,211)	(7,030)	(28,309)	(21,547)
Total Districtwide Change in Net Position	\$ 1,068,125	\$ 1,327,377	\$ 1,278,431	\$ 770,223	\$ 2,109,582	\$ 1,276,708	\$ 806,134	\$ 2,158,189	\$ 4,403,698	\$ 3,593,210

Source: Pequannock Township School District Financial Reports.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
<b>General Fund:</b>										
Restricted	\$ 4,423,782	\$ 4,704,299	\$ 5,591,955	\$ 5,403,234	\$ 4,331,787	\$ 6,017,471	\$ 5,918,334	\$ 6,221,057	\$ 9,513,665	\$ 10,118,043
Assigned	945,272	1,780,852	928,189	411,086	698,570	520,960	848,855	953,613	1,534,760	1,698,217
Unassigned	937,516	744,819	614,034	548,804	526,287	492,833	579,514	574,648	554,389	1,636,020
<b>Total General Fund</b>	<b>\$ 6,306,570</b>	<b>\$ 7,229,970</b>	<b>\$ 7,134,178</b>	<b>\$ 6,363,124</b>	<b>\$ 5,556,644</b>	<b>\$ 7,031,264</b>	<b>\$ 7,346,703</b>	<b>\$ 7,749,318</b>	<b>\$ 11,602,814</b>	<b>\$ 13,452,280</b>
<b>Other Governmental Funds:</b>										
Restricted	\$ 2,021,030	1,974,393	3,583,479	1,277,130	476,733	5,897	4,723		355,594	340,839
Committed			42,947						73,506	
Unassigned/(Deficit)	(2,000,000)	(2,000,000)	(1,440,000)	(1,707,875)	913,054	(30,018)	(50,566)			
<b>Total Other Governmental Funds</b>	<b>\$ 21,030</b>	<b>\$ (25,607)</b>	<b>\$ 2,186,426</b>	<b>\$ (430,745)</b>	<b>\$ 1,389,787</b>	<b>\$ (24,121)</b>	<b>\$ (45,843)</b>	<b>\$ 536,435</b>	<b>\$ 429,100</b>	<b>\$ 6,066,665</b>
<b>Total Governmental Funds:</b>										
Restricted	\$ 6,444,812	\$ 6,678,692	\$ 9,175,434	\$ 6,680,364	\$ 4,808,520	\$ 6,023,368	\$ 5,923,057	\$ 6,221,057	\$ 9,869,259	\$ 10,458,882
Committed			42,947					536,435	73,506	5,725,826
Assigned	945,272	1,780,852	928,189	411,086	698,570	520,960	848,855	953,613	1,534,760	1,698,217
Unassigned/(Deficit)	937,516	744,819	614,034	(1,159,071)	1,439,341	462,815	528,948	574,648	554,389	1,636,020
<b>Total Governmental Funds</b>	<b>\$ 8,327,600</b>	<b>\$ 9,204,363</b>	<b>\$ 10,760,604</b>	<b>\$ 5,932,379</b>	<b>\$ 6,946,431</b>	<b>\$ 7,007,143</b>	<b>\$ 7,300,860</b>	<b>\$ 8,285,753</b>	<b>\$ 12,031,914</b>	<b>\$ 19,518,945</b>

\* - Restated

Source: Pequannock Township School District Financial Reports.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues:</b>										
Tax Levy	\$ 31,716,219	\$ 31,636,527	\$ 31,881,435	\$ 32,585,422	\$ 33,102,652	\$ 33,935,123	\$ 34,363,926	\$ 35,934,476	\$ 36,641,809	\$ 37,366,185
Tuition Charges	282,211	403,512	306,786	313,874	331,675	416,809	287,799	355,591	775,009	1,059,723
Transportation Fees	25,755	22,073	13,505	19,004	30,326					
Interest Earnings	11,117	10,888	19,133	2,480	19,223	9,715	13,828	16,826	11,819	5,957
Budget Appropriation			560,000	615,000	625,000	200,000				
Miscellaneous	391,362	292,215	612,171	458,854	415,703	262,431	414,812	475,066	480,675	552,597
State Sources	5,726,161	6,532,314	6,201,643	6,444,009	6,908,633	7,505,930	2,665,818	8,912,999	9,229,224	10,791,286
Federal Sources	929,011	578,380	584,739	603,845	591,506	576,073	552,856	604,640	576,508	728,048
<b>Total Revenues</b>	<b>39,081,836</b>	<b>39,475,909</b>	<b>40,179,412</b>	<b>41,042,488</b>	<b>42,024,718</b>	<b>42,906,081</b>	<b>38,299,039</b>	<b>46,299,598</b>	<b>47,715,044</b>	<b>50,503,796</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	11,870,278	11,657,999	12,081,988	11,815,509	11,441,861	11,771,347	12,198,687	12,199,902	11,923,501	13,504,990
Special Education	4,095,891	3,841,303	3,581,397	3,373,285	3,507,371	3,626,759	3,448,315	3,472,440	3,623,211	4,407,910
Other Special Instruction	257,122	213,635	207,555	213,033	216,700	221,804	198,468	198,468	189,263	217,567
School Sponsored Instruction	658,558	652,332	717,004	756,647	771,571	832,795	813,511	813,510	844,608	856,950
<b>Support Services:</b>										
Tuition	1,822,467	1,692,099	1,759,129	2,415,310	2,275,185	1,885,284	2,138,412	2,020,279	2,159,405	1,987,831
Student/Instruction-related Serv.	3,343,587	3,342,701	3,488,489	3,782,133	3,886,672	3,857,609	4,032,543	4,063,175	4,220,489	4,579,745
General Administration	738,003	725,016	696,628	607,792	536,175	528,380	727,925	727,925	739,721	639,793
School Administration	1,626,880	1,621,245	1,298,532	1,454,611	1,490,160	1,328,755	1,437,099	1,437,100	1,463,929	1,513,838
Central Services	430,495	432,548	403,781	416,117	401,429	470,613	472,768	472,768	471,606	496,671
Administrative Info. Technology	182,371	191,793	197,617	52,889	81,672	274,972	247,118	247,119	259,496	245,722
Plant Operations/Maintenance	2,480,416	2,229,504	2,482,717	2,422,188	2,271,828	2,511,753	3,154,620	3,154,619	2,720,954	2,647,333
Pupil Transportation	861,911	758,934	881,959	922,299	986,734	982,248	959,888	959,888	971,210	854,783

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2019	2020	2021
Expenditures:										
Support Services:										
Allocated Benefits	8,123,584	\$ 9,356,959	\$ 9,175,145	\$ 9,699,036	\$ 10,364,716	\$ 10,897,772	\$ 6,587,580	\$ 12,305,131	\$ 12,330,417	\$ 13,251,103
Unallocated Benefits	22,590									
Charter Schools	4,596,668	769,666	2,766,955	4,630,044	796,642	2,153,047	3,236,979	1,950,906	1,919,348	1,675,752
Capital Outlay										
Debt Service:										
Principal	555,000	575,000	1,160,000	1,235,000	1,415,000	1,050,000	845,000	860,000	885,000	920,000
Interest & Other Charges	561,700	538,412	514,275	634,820	566,950	452,231	462,075	431,475	407,325	382,475
Total Expenditures	41,220,664	39,038,847	41,850,203	44,068,274	41,435,627	44,382,404	40,898,827	47,500,645	45,129,483	48,182,463
Other Financing Sources (Uses):										
Refunding Bonds Issued						9,025,000			250,000	5,225,698
Lease Proceeds						1,214,617				
Bond Premium						(9,460,000)				
Serial Bonds Defeased						(134,277)				
Bond Issuance Costs						(645,340)				
Deferred Amount on Refunding										
Bond Proceeds				3,350,000						
Transfers In	12,499	183,956	45,918	780,928	1,736,403	3,330,065	932,208	1,767,384	998,385	
Transfers Out	(12,499)	(183,956)	(45,918)	(780,928)	(1,736,403)	(3,330,065)	(932,208)	647,187	(998,385)	(60,000)
Total Other Financing Sources/(Uses)				3,350,000		(779,617)		2,414,571	250,000	5,165,698
Net Change in Fund Balances	\$ (2,138,828)	\$ 437,062	\$ (1,670,791)	\$ 324,214	\$ 589,091	\$ (2,255,940)	\$ (2,599,788)	\$ 1,213,524	\$ 2,835,561	\$ 7,487,031
Debt Service as a Percentage of Noncapital Expenditures	3.05%	2.91%	4.28%	4.74%	4.88%	3.56%	3.47%	2.84%	2.99%	2.80%

Source: Pequannock Township School District Financial Reports.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Transportation</u> <u>Fees</u>	<u>Tuition</u>	<u>Rentals - Use</u> <u>of Facilities</u>	<u>Other</u>	<u>Total</u>
2012	\$ 22,179	\$ 25,755	\$ 282,211	\$ 65,711	\$ 272,576	\$ 668,432
2013	23,944	22,073	403,512	93,377	177,585	720,491
2014	6,941	13,505	306,786	114,802	495,809 *	937,843
2015	2,480	19,004	313,874	93,539	353,455	782,352
2016	25,623	30,326	331,675	101,691	294,246	783,561
2017	9,715		416,809	82,242	171,202	679,968
2018	67,695		321,868	118,221	156,082	663,866
2019	118,549		355,591	204,990	159,214	838,344
2020	90,896		775,009	144,116	243,857	1,253,878
2021	30,079		1,059,723	53,725	299,726	1,443,253

\* - Includes Township contribution of \$217,028 for Capital Projects

Source: Pequannock Township School District records.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
	2011	\$ 19,202,900	\$ 2,231,853,950	\$ 12,816,700	\$ 113,600	\$ 232,929,800	\$ 58,335,100	\$ 331,749,200	\$ 2,887,001,250	\$ -0-	\$ 2,887,001,250	\$ 234,484,600	1.10
2012 *	16,402,100	1,748,542,800	10,998,100	112,300	220,119,900	57,596,400	362,017,600	2,415,789,200	-0-	2,415,789,200	208,922,100	1.32	2,752,759,083
2013	16,303,400	1,749,125,700	10,840,900	102,500	223,697,800	57,757,900	361,867,600	2,419,695,800	-0-	2,419,695,800	210,213,800	1.31	2,484,542,355
2014	16,082,600	1,750,111,700	10,840,900	102,500	222,287,100	57,757,900	361,542,500	2,418,725,200	-0-	2,418,725,200	213,080,500	1.35	2,489,750,104
2015	14,618,300	1,754,413,200	9,951,600	91,100	222,316,800	57,757,900	361,542,500	2,420,691,400	100	2,420,691,500	214,182,300	1.36	2,577,555,979
2016	12,742,000	1,760,533,100	10,820,600	102,000	278,609,700	57,595,400	361,542,500	2,481,945,300	100	2,481,945,400	155,442,800	1.37	2,654,216,368
2017	12,659,700	1,765,833,500	10,820,600	102,000	227,905,800	57,595,400	361,542,500	2,436,459,500	100	2,436,459,600	209,817,600	1.42	2,593,009,384
2018	12,721,700	1,768,695,900	10,820,600	102,000	253,901,300	56,695,400	303,516,500	2,406,453,400	100	2,406,453,500	210,643,400	1.47	2,677,182,301
2019	13,516,200	1,774,659,800	10,820,600	101,500	263,760,100	56,845,400	266,516,500	2,386,220,100	100	2,386,220,200	210,541,600	1.54	2,762,491,383
2020	12,691,000	1,780,350,400	10,873,500	101,500	244,519,600	56,845,400	245,016,500	2,350,397,900	100	2,350,398,000	210,984,100	1.59	2,829,056,195

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

\* - Revaluation of the Township's real property was effective in 2012.

<sup>a</sup> - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> - Tax rates are per \$100 of assessed value.

Source: Pequannock Township Tax Assessor.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(Rate per \$100 of Assessed Value)*

Year Ended December 31,	<u>Pequannock Township School District Direct Rate</u>			<u>Overlapping Rates</u>		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Pequannock Township	Morris County	
2011	\$ 1.07	\$ 0.03	\$ 1.10	\$ 0.40	\$ 0.23	\$ 1.73
2012	* 1.29 *	0.03 *	1.32 *	0.50 *	0.28 *	2.10
2013	1.28	0.03	1.31	0.50	0.26	2.07
2014	1.31	0.04	1.35	0.50	0.26	2.11
2015	1.33	0.03	1.36	0.51	0.27	2.14
2016	1.34	0.03	1.37	0.53	0.27	2.17
2017	1.39	0.03	1.42	0.48	0.25	2.16
2018	1.43	0.04	1.47	0.55	0.28	2.29
2019	1.50	0.04	1.54	0.56	0.30	2.40
2020	1.55	0.04	1.59	0.58	0.31	2.48

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy . The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

\* - Revaluation of the Township's real property was effective in 2012.

<sup>a</sup> - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> - Rates for debt service are based on each year's requirements.

Source: Pequannock Township Tax Collector and School Business Administrator.



PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 31,716,219	\$ 31,716,219	100.00%	\$ - 0 -
2013	31,636,527	31,556,527	99.75%	80,000
2014	31,881,435	31,881,335	100.00%	100
2015	32,585,422	32,585,422	100.00%	- 0 -
2016	33,102,652	33,102,652	100.00%	- 0 -
2017	33,935,123	33,935,123	100.00%	- 0 -
2018	34,629,554	34,629,554	100.00%	- 0 -
2019	35,934,476	34,477,369	95.95%	1,457,107
2020	36,641,809	34,617,539	94.48%	2,024,270
2021	37,366,185	35,849,169	95.94%	1,517,016

<sup>a</sup> - School taxes are collected by the Municipal Tax Collector. Under New Jersey State statute, a municipality is required to remit to the school district the entire property tax balance in the amount voted upon or certified prior to the end of the school year.

Source: Pequannock Township School District records, including the Certificate and Report of Report of School Taxes (A4F form).

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Year Ended June 30,	Governmental Activities							Percentage of Personal Income <sup>a</sup>	
	General Obligation Bonds	Certificates of Participation	Bond Anticipation Notes	Capital Leases	Total District	Income <sup>a</sup>	Per Capita <sup>a</sup>		
2012	\$ 13,235,000	\$ - 0 -	\$ 2,000,000	\$ - 0 -	\$ 15,235,000	1.27%	\$ 980.31		
2013	12,660,000	- 0 -	2,000,000	- 0 -	14,660,000	1.18%	942.70		
2014	15,410,000	- 0 -	1,440,000	- 0 -	16,850,000	1.34%	1,080.82		
2015	14,790,000	- 0 -	825,000	- 0 -	15,615,000	1.20%	1,005.08		
2016	13,565,000	- 0 -	200,000	- 0 -	13,765,000	1.01%	889.44		
2017	12,715,000	- 0 -	- 0 -	- 0 -	12,715,000	0.92%	823.56		
2018	11,870,000	- 0 -	- 0 -	- 0 -	11,870,000	0.82%	770.28		
2019	11,010,000	- 0 -	- 0 -	- 0 -	11,010,000	0.73%	726.40		
2020	10,125,000	- 0 -	- 0 -	250,000	10,375,000	0.68%	693.28		
2021	9,205,000	- 0 -	- 0 -	5,424,292	14,629,292	0.97%	982.89		

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

<sup>a</sup> - See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: Pequannock Township School District Financial Reports.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Bond Anticipation Notes	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 13,235,000	\$ 2,000,000	\$ -0-	\$ 15,235,000	0.526%	980.31
2013	12,660,000	2,000,000	-0-	14,660,000	0.508%	942.70
2014	15,410,000	1,440,000	-0-	16,850,000	0.697%	1,080.82
2015	14,790,000	825,000	-0-	15,615,000	0.646%	1,005.08
2016	13,565,000	200,000	-0-	13,765,000	0.569%	889.44
2017	12,715,000	-0-	-0-	12,715,000	0.512%	823.56
2018	11,870,000	-0-	-0-	11,870,000	0.487%	770.28
2019	11,010,000	-0-	-0-	11,010,000	0.458%	726.40
2020	10,125,000	-0-	-0-	10,125,000	0.424%	676.58
2021	9,205,000	-0-	-0-	9,205,000	0.392%	618.45

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

<sup>a</sup> - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

<sup>b</sup> - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Pequannock Township School District Financial Reports.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2020  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Pequannock Township	\$ 2,000,571	100.00%	\$ 2,000,571
Morris County General Obligation Debt	250,902,245	2.85%	<u>7,147,375</u>
Subtotal Overlapping Debt			9,147,946
Pequannock Township School District Direct Debt			<u>9,205,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 18,352,946</u></u>

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the District's boundaries and dividing it by each unit's total equalized property value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of Pequannock. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$111,177,615	\$106,140,352	\$102,652,324	\$100,339,682	\$ 101,819,326
Total Net Debt Applicable to Limit	<u>15,235,000</u>	<u>14,660,000</u>	<u>16,850,000</u>	<u>15,615,000</u>	<u>13,765,000</u>
Legal Debt Margin	<u>\$ 99,672,340</u>	<u>\$ 98,804,702</u>	<u>\$ 85,802,324</u>	<u>\$ 84,724,682</u>	<u>\$ 88,054,326</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.70%	13.81%	16.41%	15.56%	13.52%

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt Limit	\$103,833,439	\$105,628,538	\$108,257,283	\$111,329,087	\$ 113,715,019
Total Net Debt Applicable to Limit	<u>12,715,000</u>	<u>11,870,000</u>	<u>11,010,000</u>	<u>10,125,000</u>	<u>9,205,000</u>
Legal Debt Margin	<u>\$ 91,118,439</u>	<u>\$ 93,758,538</u>	<u>\$ 97,247,283</u>	<u>\$101,204,087</u>	<u>\$ 104,510,019</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.25%	11.24%	10.17%	9.09%	8.09%

Legal Debt Margin Calculation for Fiscal Year 2021

	Year Ended December 31,	Equalized Valuation Basis
	2018	\$2,779,777,621
	2019	2,865,986,188
	2020	<u>2,882,862,627</u>
		<u>\$8,528,626,436</u>
Average Equalized Valuation of Taxable Property		<u>\$2,842,875,479</u>
Debt Limit (4% of Average Equalization Value) <sup>a</sup>		\$ 113,715,019
Net Bonded School Debt		<u>9,205,000</u>
Legal Debt Margin		<u>\$ 104,510,019</u>

<sup>a</sup> - Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts.

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS  
UNAUDITED

Year	Township Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Township Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
2012	15,551	\$ 80,027	\$ 1,244,499,877	8.30%
2013	15,590	80,868	1,260,732,120	5.60%
2014	15,536	83,687	1,300,161,232	5.10%
2015	15,476	87,896	1,360,278,496	4.50%
2016	15,439	89,065	1,375,074,535	4.10%
2017	15,410	94,259	1,452,531,190	4.00%
2018	15,157	98,842	1,498,148,194	3.40%
2019	14,965	101,646	1,521,132,390	2.80%
2020	14,884	101,646 *	1,512,899,064	8.00%
2021	14,884 **	101,646 *	1,512,899,064	N/A

\* - Latest Morris County per capita personal income available (2019) was used for calculation purposes.

\*\* - Latest Pequannock Township population available (2020) was used for calculation purposes.

N/A - Not Available

Source:

<sup>a</sup> - Population information provided by the US Department of Census - Population Division.

<sup>b</sup> - Per Capita Personal Income information provided by the US Department of Commerce - Bureau Economic Analysis.

<sup>c</sup> - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

<sup>d</sup> - Unemployment data provided by the NJ Department of Labor and Workforce Development.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - MORRIS COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2021			2012		
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System		7,642	3.03%	Novartis	6,200	2.29%
US Army Armament Research and Development		6,000	2.38%	Picatinny Arsenal	5,274	1.95%
Novartis		5,200	2.06%	Atlantic Health System	5,013	1.85%
Bayer		3,483	1.38%	United Parcel Service	2,332	0.86%
Barclays		2,560	1.01%	County of Morris	1,928	0.71%
Automatic Data Processing, Inc.		2,400	0.95%	ADP	1,924	0.71%
Accenture		1,826	0.72%	Saint Claire's	1,841	0.68%
Honeywell		1,704	0.67%	AT&T	1,550	0.57%
St. Clare's Health System		1,638	0.65%	Chilton Memorial	1,440	0.53%
County of Morris		1,469	0.58%	BASF Corporation	1,400	0.52%
Total		<u>33,922</u>	<u>13.43%</u>		<u>28,902</u>	<u>10.69%</u>
Total County Labor Force		<u>252,588</u>			<u>270,282</u>	

Source: Morris County Treasurer's Office.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction:										
Regular	158.80	161.69	158.50	150.90	147.30	144.70	146.10	144.70	147.50	148.55
Special Education	66.20	62.30	65.50	67.60	70.00	73.10	72.13	68.20	68.80	67.60
Support Services:										
Student/Instruction-Related	43.90	47.56	39.90	47.20	48.80	49.38	50.98	51.90	59.70	48.71
General Administration	2.00	3.00	3.00	3.00	3.00	2.50	2.50	2.50	2.50	2.50
School Administration	18.00	19.00	16.50	17.00	17.00	16.00	15.68	20.46	21.40	24.22
Plant Operations/Maintenance	23.00	22.00	21.00	21.00	23.00	23.00	24.00	25.80	26.80	26.50
Pupil Transportation	5.00	3.97	4.70	5.00	6.20	6.00	6.00	6.00	6.00	5.00
Business & Other Support	8.00	7.00	8.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
<b>Total</b>	<b>324.90</b>	<b>326.52</b>	<b>317.10</b>	<b>316.70</b>	<b>320.30</b>	<b>319.68</b>	<b>322.39</b>	<b>324.56</b>	<b>337.70</b>	<b>328.08</b>

Source: Pequannock Township School District Personnel Records.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Costs Per Pupil <sup>b</sup>	% Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio						Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage	
						Elementary			Middle School							High School
						Hillview	North Boulevard	Stephen J. Gerace	North Boulevard	Stephen J. Gerace	Middle School					
2012	2,257	\$ 36,516,165	\$ 16,179	5.63%	217	14.9:1	13.0:1	13.3:1	8.1:1	9.1:1	9.1:1	2,257	2,171	-3.13%	96.19%	
2013	2,264	36,718,081	16,218	0.24%	226	12.2:1	9.5:1	10.7:1	9.1:1	9.9:1	9.9:1	2,261	2,167	0.18%	95.84%	
2014	2,256	36,971,941	16,388	1.05%	193	13.5:1	10.5:1	12.3:1	11.2:1	12.1:1	12.1:1	2,249	2,207	-0.53%	98.13%	
2015	2,253	37,930,849	16,836	2.73%	211	10.5:1	10.1:1	12.0:1	10.8:1	10.3:1	10.3:1	2,234	2,147	-0.67%	96.11%	
2016	2,165	38,232,074	17,659	4.89%	215	10.6:1	9.1:1	13.5:1	10.1:1	9.6:1	9.6:1	2,169	2,087	-2.93%	96.24%	
2017	2,138	39,190,091	18,330	3.80%	205	10.2:1	10.6:1	12.6:1	9.9:1	10.2:1	10.2:1	2,133	2,044	-1.65%	95.84%	
2018	2,130	40,689,336	19,103	4.22%	198	11.2:1	10.7:1	12.1:1	10.5:1	10.3:1	10.3:1	2,119	2,027	-0.64%	95.66%	
2019	2,103	42,072,324	20,006	4.73%	190	11.1:1	11.3:1	13.2:1	10.9:1	10.3:1	10.3:1	2,088	2,002	-1.46%	95.88%	
2020	2,118	41,917,810	19,791	-1.07%	199	11.8:1	9.5:1	11.9:1	10.5:1	9.5:1	9.5:1	2,049	1,985	-1.87%	96.88%	
2021	2,063	45,204,236	21,912	10.72%	202	11.2:1	9.1:1	10.8:1	11.1:1	9.6:1	9.6:1	2,047	1,994	-0.10%	97.41%	

Note: Enrollment based on annual October District count.

<sup>a</sup> - Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> - Cost per pupil is calculated based upon the enrollment and operating expenditures presented above which may not be the same as other cost per pupil calculations.

<sup>c</sup> - Teaching staff includes only full-time equivalents of certificated staff.

<sup>d</sup> - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Pequannock Township School District records.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>District Building</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Hillview School (1962):										
Square Feet	45,005	45,005	45,005	45,005	45,005	45,005	45,005	45,005	45,005	45,005
Capacity (Students)	360	360	360	360	360	360	360	360	360	360
Enrollment	373	351	349	349	302	296	314	290	307	313
North Boulevard School (1954):										
Square Feet	45,902	45,902	45,902	45,902	45,902	45,902	45,902	45,902	45,902	45,902
Capacity (Students)	367	367	367	367	367	367	367	367	367	367
Enrollment	301	307	305	305	327	328	351	340	318	303
Stephen J. Gerace School (1969):										
Square Feet	34,834	34,834	34,834	34,834	34,834	34,834	44,350	44,350	44,350	44,350
Capacity (Students)	278	278	278	278	278	278	357	357	357	357
Enrollment	305	285	291	291	281	298	286	312	293	278
Pequanock Valley Middle School (1950):										
Square Feet	84,754	84,754	84,754	84,754	84,754	84,754	84,754	84,754	84,754	84,754
Capacity (Students)	632	632	632	632	632	632	632	632	632	632
Enrollment	570	557	557	557	536	513	481	459	463	476
Pequanock High School (1957):										
Square Feet	130,547	130,547	130,547	130,547	130,547	130,547	130,547	130,547	130,547	130,547
Capacity (Students)	864	864	864	864	864	864	864	864	864	864
Enrollment	708	749	739	739	719	703	698	702	677	693
Board Office:										
Square Feet	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700

Number of Schools at June 30, 2021:

- Elementary = 3
- Middle School = 1
- High School = 1

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Pequannock Township School District Facilities Office.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures - Required Maintenance  
For School Facilities - Account #11-000-261-XXX:

Fiscal Year Ended	Hillview Elementary School	North Boulevard Elementary School	Stephen J. Gerace Elementary School	Pequannock Valley Middle School	Pequannock High School	Total School Facilities*
2012	\$ 85,490	\$ 87,229	\$ 65,906	\$ 160,888	\$ 246,625	\$ 646,138
2013	44,013	61,680	43,136	121,392	161,275	431,496
2014	49,973	84,302	53,328	118,506	170,516	476,625
2015	60,987	68,073	46,617	149,737	175,468	500,882
2016	50,436	52,433	53,480	113,998	148,948	419,295
2017	67,587	72,338	40,098	104,646	162,244	446,913
2018	75,188	122,858	109,778	128,967	202,084	638,875
2019	110,604	111,304	94,288	212,701	323,305	852,202
2020	83,932	83,932	71,019	161,408	245,340	645,631
2021	73,771	73,771	62,422	141,868	215,638	567,470

\* - School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

Source: Pequannock Township School District records.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2021  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
ZURICH Insurance Company Package Policy		
Property – Blanket Building & Contents	\$ 65,906,342	\$ 5,000
Commercial General Liability (each occurrence)	1,000,000	
Crime & Fidelity Coverage – Employee theft	500,000	5,000
Forgery or Alteration	50,000	1,000
Robbery or Safe Burglary	50,000	
Computer Fraud	50,000	1,000
Earthquake	5,000,000	5% of limit
Flood Insurance		
Outside zones A, V or B	5,000,000	50,000
Zone B	2,000,000	100,000
Zone A or V	1,000,000	500,000
Commercial Automobile Liability	1,000,000	1,000
Boiler and Machinery	100,000,000	1,000
Equipment Breakdown Protection	100,000,000	5,000
Commercial Umbrella Liability Policy		
Occurrence	9,000,000	
Aggregate	9,000,000	
Products/Completed Operations Aggregate	9,000,000	
Casualty Business Crisis Aggregate Limit	250,000	
Retained Limit per occurrence		10,000
DARWIN Insurance Company		
School Board Legal Liability		
Educators Errors and Omissions Liability	1,000,000	15,000
Employment Practices Liability	1,000,000	40,000
SELECTIVE Ins. Co. Public Officials Bonds		
Treasurer	275,000	
Board Secretary/Business Administrator	275,000	
ACE Insurance Company		
Environmental Impairment Liability - Public/Education Entity Pollution Liability		
Each occurrence	1,000,000	25,000
Fund Aggregate	10,000,000	
Excess Liability Policy - Fireman's Fund		
Excess Liability Each occurrence	50,000,000	
Fund Aggregate	50,000,000	

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2021  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Student Accident:		
Voluntary Students - maximum benefit Berkeley Accident & Health Insurance Company	\$ 500,000	
All Athletes - Arch Insurance Company	5,000,000	
Catastrophic Cash Benefit	1,000,000	
XL Insurance Group - Cyber Liability		
Each Claim	1,000,000	\$ 25,000
Policy Aggregate	3,000,000	
Pooled Insurance Program:		
Workers Compensation	1,000,000	
Excess Workers Compensation - Safety National Statutory Limits		
Employer's Liability	1,000,000	

Source: Pequannock Township School District records.

**SINGLE AUDIT SECTION**



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Independent Member  
BKR International

Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Pequannock Township School District  
County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Pequannock Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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.

The Honorable President and Members  
of the Board of Education  
Pequannock Township School District  
Page 2

### Compliance and Other Matters

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

### 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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey  
November 19, 2021

*Nisivoccia, LLP*  
NISIVOCCIA, LLP

*Kathryn L. Mantell*  
\_\_\_\_\_  
Kathryn L. Mantell  
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Independent Member  
BKR International

Report on Compliance For Each Major State Program;  
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Pequannock Township School District  
County of Morris, New Jersey

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

We have audited the Board of Education of the Pequannock Township School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the year ended June 30, 2021. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of the District's compliance.

Honorable President and Members  
of the Board of Education  
Pequannock Township School District  
Page 2

### ***Opinion on Each Major State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state programs for the fiscal year ended June 30, 2021.

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

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

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

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

Mount Arlington, New Jersey  
November 19, 2021

*Nisivoccia, LLP*  
NISIVOCCIA, LLP

*Kathryn L. Mantell*  
\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at		Budgetary Expenditures	Amount Provided to Sub-recipients
					June 30, 2020	June 30, 2021		
U.S. Department of Education Passed-through State Department of Education:								
Special Revenue Fund:								
IDEA Special Education Cluster:								
I.D.E.A. Part B, Basic	84.027	IDEA408020	7/1/19-9/30/20	\$ 550,652	\$ (31,763)	\$ 31,763		
I.D.E.A. Part B, Basic	84.027	IDEA408021	7/1/20-9/30/21	565,637		524,434	\$ (542,898)	\$ (18,464)
I.D.E.A. Part B, Preschool	84.173	IDEA408020	7/1/19-9/30/20	22,164	(10,233)	10,233		
I.D.E.A. Part B, Preschool	84.173	IDEA408021	7/1/20-9/30/21	15,567	(41,996)	5,255	(15,567)	(10,312)
Total IDEA Special Education Cluster						571,685	(558,465)	(28,776)
Elementary and Secondary Education Act:								
Title I	84.010A	ESEA408020	7/1/19-9/30/20	68,817	(9,150)	9,150		
Title I	84.010A	ESEA408021	7/1/20-9/30/21	84,246		32,898	(38,958)	(6,060)
Total Title I						42,048	(38,958)	(6,060)
Title II, Part A	84.367A	ESEA408021	7/1/20-9/30/21	50,361	(891)	891	(11,492)	(688)
Title II, Part A	84.367A	ESEA408020	7/1/19-9/30/20	38,854	(1,301)	1,301		
Title II, Part A	84.367A	ESEA408019	7/1/18-9/30/19	45,345	(2,192)	12,996	(11,492)	(688)
Total Title II						1,133	(3,026)	(1,893)
Title IV	84.424A	ESEA408021	7/1/20-9/30/21	26,333	(11,342)	56,177	(53,476)	(8,641)
Total Elementary and Secondary Education Act								
Education Stabilization Fund:								
COVID 19 - CARES Emergency Relief	84.425D	CARES408020	3/13/20-9/30/22	50,499		41,576	(41,576)	
Total Education Stabilization Fund						41,576	(41,576)	
Total U.S. Department of Education						669,438	(653,517)	(37,417)
U.S. Department of Treasury -								
Passed-through State Department of Education:								
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/30/20	59,799		59,799	(59,799)	
COVID 19 - Coronavirus Relief Fund - Non-Public Technology	21.019	N/A	3/1/20-12/30/20	14,732		14,732	(14,732)	
Total Department of Treasury						74,531	(74,531)	
Total Special Revenue Fund						743,969	(728,048)	(37,417)
TOTAL FEDERAL AWARDS						\$ (53,338)	\$ (728,048)	\$ (37,417)
N/A - Information is not available.						\$ (53,338)	\$ (728,048)	\$ - 0 -

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education												
General Fund:												
Categorical Special Education Aid	21-495-034-5120-089	7/1/20 - 6/30/21	\$ 1,551,958			\$ 1,409,449	\$(1,551,958)			\$ (142,509)	\$ 1,551,958	
Equalization Aid	21-495-034-5120-078	7/1/20 - 6/30/21	406,379			369,063	(406,379)			(37,316)	406,379	
Categorical Security Aid	21-495-034-5120-084	7/1/20 - 6/30/21	168,558			153,080	(168,558)			(15,478)	168,558	
School Choice Aid	21-495-034-5120-068	7/1/20 - 6/30/21	54,032			49,070	(54,032)			(4,962)	54,032	
Categorical Transportation Aid	21-495-035-5120-014	7/1/20 - 6/30/21	124,035			112,645	(124,035)			(11,390)	124,035	
Extraordinary Aid	21-495-034-5120-044	7/1/20 - 6/30/21	578,115				(578,115)			(578,115)	578,115	
Additional Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20 - 6/30/21	25,650				(25,650)			(25,650)	25,650	
Securing Our Children's Future Bond Act (Alyssa's Law)	20E000170	7/1/20 - 6/30/22	118,680				(106,095)			(106,095)	106,095	
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20 - 6/30/21	1,262,251			1,137,453	(1,262,251)			(124,798)	1,262,251	
Categorical Special Education Aid	20-495-034-5094-003	7/1/19 - 6/30/20	1,189,106	\$ (59,832)		59,832					1,189,106	
Equalization Aid	20-495-034-5120-089	7/1/19 - 6/30/20	1,543,185	(146,182)		146,182					1,543,185	
Categorical Security Aid	20-495-034-5120-078	7/1/19 - 6/30/20	406,379	(38,496)		38,496					406,379	
School Choice Aid	20-495-034-5120-084	7/1/19 - 6/30/20	168,558	(15,967)		15,967					168,558	
Categorical Transportation Aid	20-495-034-5120-068	7/1/19 - 6/30/20	53,201	(5,040)		5,040					53,201	
Extraordinary Aid	20-495-035-5120-014	7/1/19 - 6/30/20	124,035	(11,750)		11,750					124,035	
Additional Nonpublic Transportation Aid	20-495-034-5120-044	7/1/19 - 6/30/20	341,126	(341,126)		341,126					341,126	
On Behalf:			1,713	(1,713)		1,713					1,713	
TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20 - 6/30/21	1,383,781			1,383,781	(1,383,781)				1,383,781	
Long Term Disability Insurance Contributions	21-495-034-5094-004	7/1/20 - 6/30/21	2,413			2,413	(2,413)				2,413	
TPAF Pension Contributions	21-495-034-5094-002	7/1/20 - 6/30/21	4,415,602			4,415,602	(4,415,602)				4,415,602	
TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20 - 6/30/21	82,444			82,444	(82,444)				82,444	
Total General Fund				(620,106)		9,735,106	(10,161,313)			(834,658)	13,988,616	
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Handicapped Services:												
Examination and Classification	21-100-034-5120-066	7/1/20 - 6/30/21	47,585			47,585	(43,314)			\$ 4,271	43,314	
Supplementary Instruction	21-100-034-5120-066	7/1/20 - 6/30/21	49,702			49,702	(45,089)			4,613	45,089	
Corrective Speech	21-100-034-5120-066	7/1/20 - 6/30/21	22,785			22,785	(15,767)			7,018	15,767	
Security Aid	21-100-034-5120-084	7/1/20 - 6/30/21	60,725			60,725	(57,506)			3,219	57,506	
Textbook Aid	21-100-034-5120-064	7/1/20 - 6/30/21	20,892			20,892	(20,892)				20,892	
Nursing Services	21-100-034-5120-070	7/1/20 - 6/30/21	35,394			35,394	(35,394)				35,394	
Auxiliary Services:												
Compensatory Education	21-100-034-5120-067	7/1/20 - 6/30/21	73,157			73,157	(61,571)			11,586	61,571	
Handicapped Services:												
Examination and Classification	20-100-034-5120-066	7/1/19 - 6/30/20	57,982	(7,244)	\$ 5,570	7,244		\$ 5,570			52,412	
Supplementary Instruction	20-100-034-5120-066	7/1/19 - 6/30/20	53,021	(6,624)	3,480	6,624		3,480			49,541	
Corrective Speech	20-100-034-5120-066	7/1/19 - 6/30/20	32,081	(4,008)	12,030	4,008		12,030			20,051	
Security Aid	20-100-034-5120-084	7/1/19 - 6/30/20	53,700		28,044			28,044			25,656	
Auxiliary Services:												
Compensatory Education	20-100-034-5120-067	7/1/19 - 6/30/20	65,949	(8,239)		8,239					65,949	
Total Special Revenue Fund				(26,115)	49,124	336,355	(279,533)	49,124		30,707	559,183	

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education												
Debt Service Fund:												
Debt Service Aid	21-100-034-5120-075	7/1/20 - 6/30/21	\$ 344,660			\$ 344,660	\$ (344,660)					\$ 344,660
Total Debt Service Fund						344,660	(344,660)					344,660
Total New Jersey Department of Education				\$ (646,221)	\$ 49,124	10,416,121	(10,785,506)	\$ 49,124	\$ (834,658)	\$ 30,707	\$ (1,046,313)	14,892,459
N.J. School Development Authority Grants												
Capital Projects Fund:												
Pequannock High School Window Replacement and Security Project	4080-100-14-1001	2/24/14 - 12/31/16	453,700	(453,700)							(453,700)	
Roof Replacement and Various Renovations at Hillview Elementary	4080-055-14-1002	6/15/14 - 12/31/16	508,880	(508,880)							(508,880)	
Roof Replacement and Various Renovations at North Boulevard Elementary School	4080-060-14-1003	6/15/14 - 12/31/16	315,968	(315,968)							(315,968)	
Roof Replacement and Various Renovations at Pequannock Valley Middle School	4080-080-14-1004	6/15/14 - 12/31/16	574,805	(574,805)							(574,805)	
Stephen J. Gerace Elementary School Roof, Security and Window Projects	4080-100-14-1005	2/24/14 - 12/31/16	483,393	(483,393)							(483,393)	
Total Capital Projects Fund				(2,336,746)							(2,336,746)	
Total N.J. School Development Authority Grants				(2,336,746)							(2,336,746)	
Total State Awards Subject to Single Audit Determination				\$ (2,982,967)	\$ 49,124	\$ 10,416,121	(10,785,506)	\$ 49,124	\$ (834,658)	\$ 30,707	\$ (3,383,059)	\$ 14,892,459
Less: On-Behalf TPAF Pension System Contributions:												
TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20 - 6/30/21	1,383,781				1,383,781					
Long Term Disability Insurance Contributions	21-495-034-5094-004	7/1/20 - 6/30/21	2,413				2,413					
TPAF Pension Contributions	21-495-034-5094-002	7/1/20 - 6/30/21	4,415,602				4,415,602					
TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20 - 6/30/21	82,444				82,444					
Subtotal - On-Behalf TPAF Pension System Contributions							5,884,240					
Total State Awards Subject to Single Audit Major Program Determination							\$ (4,901,266)					

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Pequannock Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. SDA Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$5,780 for the General Fund and (\$5,285) for the Special Revenue Fund which includes \$5,285 related to local grant encumbrances. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue, and capital projects funds. Awards and financial assistance revenue are reported on the Board’s basic financial statements on a GAAP basis as presented on the following page.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 10,167,093	\$10,167,093
Special Revenue Fund	\$ 728,048	279,533	1,007,581
Debt Service Fund		344,660	344,660
Total Financial Assistance	<u>\$ 728,048</u>	<u>\$ 10,791,286</u>	<u>\$11,519,334</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District received grant awards from the New Jersey Schools Development Authority (SDA) totaling \$2,336,746 for various capital projects. The District realized these grants in full and has \$2,336,746 grants receivable on the budgetary basis of accounting. The District realizes grant revenue on the GAAP basis of accounting when the funds are expended and submitted for reimbursement. Grant reimbursement requests have been submitted, funds have not yet been received, and \$-0- has been realized as revenue or grants receivable on the GAAP basis.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on the major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2021 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as a major state program for the current fiscal year consisted of the following:

	<u>State Grant #</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20 - 6/30/21	\$ 1,262,251	\$ 1,262,251

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance or NJ OMB 15-08.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

The District had no prior year audit findings.