

**SCHOOL DISTRICT
OF
PEQUANNOCK TOWNSHIP**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive
Financial Report**

of the

**Pequannock Township School District
Board of Education**

Pequannock, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
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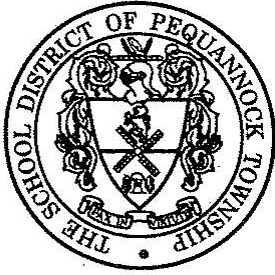
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**INTRODUCTORY SECTION
(UNAUDITED)**



Pequannock Township Board of Education
OFFICE OF THE SCHOOL BUSINESS ADMINISTRATOR

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Pompton Plains, New Jersey 07444

Gordon E. Gibbs
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School Business Administrator/Board Secretary
P: 973-616-6030 F: 973-616-6041

October 28, 2022

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

Dear Board Members:

The Annual comprehensive financial report of the Pequannock Township School District (the "District") for the fiscal year ended June 30, 2022, 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 Annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes The Independent Auditors' Report, 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 2,114 students, which is 49 students below the previous year's enrollment and represents an increase of 2.5 %.

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 9th 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 2022-2023 school year, the Pequannock Township School District administration and staff will continue to focus their efforts on the implementation of the following goals that were adopted by the Board of Education.

Five (5) Year Strategic Plan: The District has begun its implementation of aspects of the 2021-2026 Strategic Plan through various programs and initiatives. Specifically, the District focused on the four (4) goals areas outlined in the Plan. These included (1) Ensuring Student Success, (2) Ensuring Staff Success, (3) Facilities and Finance, and (4) Parent & Community Partnerships. Examples of successful implementation of these goals include the exploration of options to expand our preschool disabled and inclusion programs, increasing student access to technology through the ongoing Chromebook 1:1 instructional initiative for all students in Grades 1-12, sharing services with neighboring school districts, utilizing Twitter as a community outreach and professional development tool, renovation of learning spaces throughout the district, commissioning a feasibility study for the installation of air-conditioning in classrooms, growing of academy programs, and the use of pavilions at all schools as outdoor learning and socializing spaces. The district aspires to honor the spirit of the collaborative process that was critical to the development of the 2021-2026 Strategic Plan by including the myriad stakeholders involved to the greatest degree possible.

Student Achievement: The District continued to implement various benchmarking assessments to monitor and address learning deficiencies using data to inform instruction and curriculum during the 2022-2023 school year. Though the pandemic-induced adaptations provided significant disruption to our ability to assess achievement accurately and through traditional means, we are applying the internal and external measures that we have been able to curate in order to paint a more accurate picture of our students’ actual learning levels. 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 continues to be updated throughout all grades levels and subjects with revisions addressing the New Jersey Student Learning Standards and revised Comprehensive Health and PE 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 intend to renew the process of working towards Silver status. We have suspended our efforts in the state program during the pandemic to prevent initiative overload 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 continues to implement programs to empower educators to provide learning opportunities that enable greater interaction and problem solving while eschewing cookie cutter assessment design. In the absence of the specific state 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
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October 28, 2022

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, 2022.

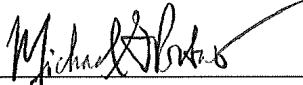
6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

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 11 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,

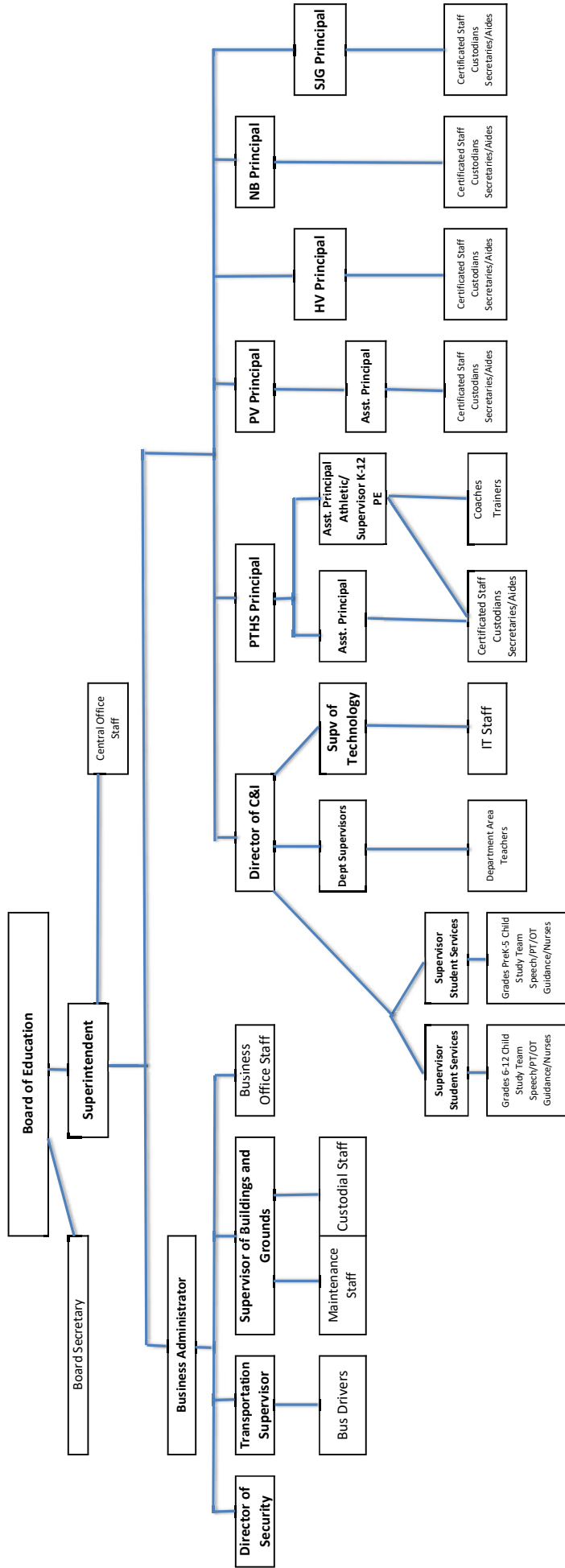


Michael Portas
Superintendent of Schools



Gordon Gibbs
Business Administrator/Board Secretary

Pequannock Township Public Schools Organizational Chart



Department area supervisors also report to building level principals

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph Blumert, President	2024
Cara Shenton, Vice President	2023
Sam Ciresi	2023
Megan Dempsey	2024
Greg MacSweeney	2022
Danielle Esposito	2022
Timothy Gitin	2023
Brian Senyk	2024
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 (To 6/30/2022)
Gordon Gibbs	Business Administrator/Board Secretary (From 7/1/2022)
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
and
1140 Route 22 East, Suite 203
Bridgewater, New Jersey 08807

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 Audit of the Financial Statements

Qualified Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

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

Matter Giving Rise to Qualified Opinion

The District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in the financial statements, the District implemented GASB Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement 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 is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary 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 supplementary information 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information 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.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022 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 District’s internal control over financial reporting and compliance.

Mount Arlington, New Jersey
October 28, 2022

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, 2022**

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, 2022. 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**

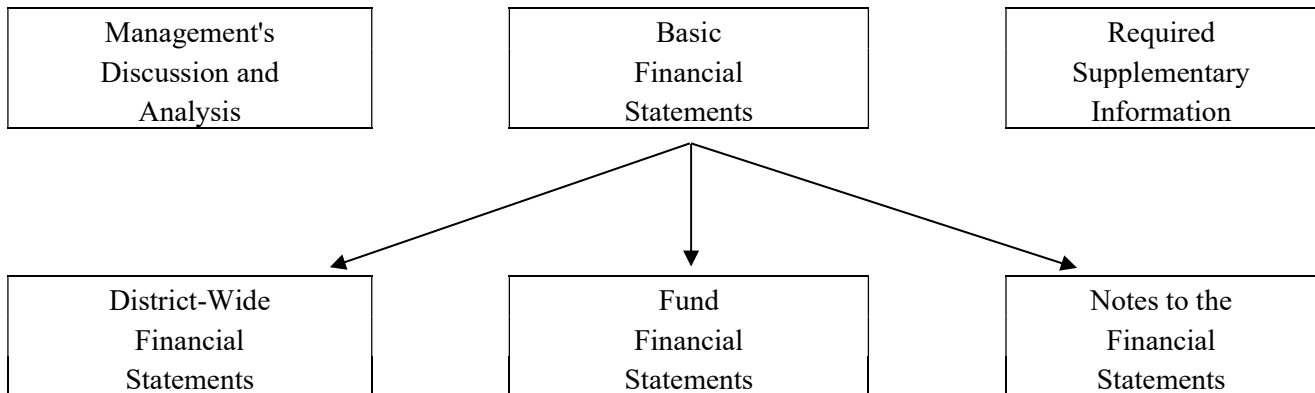


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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, lease 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, 2022**

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, 2022**

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 18.35%. Net position from governmental activities increased \$4,180,027 and net position from business-type activities decreased by \$4,805.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022
Current and							
Other Assets	\$ 20,612,049	\$ 20,295,313	\$ 61,999	\$ 16,537	\$ 20,674,048	\$ 20,311,850	
Capital Assets, Net	28,938,248	27,527,313	44,654	53,328	28,982,902	27,580,641	
Lease Assets, Net	129,240				129,240		
Total Assets	49,679,537	47,822,626	106,653	69,865	49,786,190	47,892,491	3.95%
Deferred Outflows of Resources	877,521	1,321,021			877,521	1,321,021	-33.57%
Other Liabilities	1,268,080	1,354,758	69,980	28,387	1,338,060	1,383,145	
Long-Term Liabilities	18,952,015	21,564,995			18,952,015	21,564,995	
Total Liabilities	20,220,095	22,919,753	69,980	28,387	20,290,075	22,948,140	-11.58%
Deferred Inflows of Resources	3,440,632	3,507,590			3,440,632	3,507,590	-1.91%
Net Position:							
Net Investment in							
Capital Assets	15,645,282	13,280,445	44,654	53,328	15,689,936	13,333,773	
Restricted	13,079,813	10,458,882			13,079,813	10,458,882	
Unrestricted/(Deficit)	(1,828,764)	(1,023,023)	(7,981)	(11,850)	(1,836,745)	(1,034,873)	
Total Net Position	\$ 26,896,331	\$ 22,716,304	\$ 36,673	\$ 41,478	\$ 26,933,004	\$ 22,757,782	18.35%

Changes in Net Position. The District's combined net position was \$26,933,004 at June 30, 2022, \$4,175,222 or 18.35% more than it was the year before (See Figure A-3). Net investment in capital assets increased by \$2,356,163 as a result of a new lease, depreciation expense and bond principal payments, offset by amortization of deferred amounts on refunding, capital acquisitions and construction in process.

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Restricted net position increased by \$2,620,931 mainly due to combined increases in excess surplus and unemployment compensation. Unrestricted net position decreased by \$801,872 primarily due to an increase in unexpended budget appropriations and surplus appropriated to support the budget in the current year, offset by a decrease in the net pension liability. (See Figure A-3).

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	Change 2021/2022
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,478,501	\$ 1,231,947	\$ 900,214	\$ 5,491	\$ 2,378,715	\$ 1,237,438	
Grants and Contributions:							
Operating	11,224,716	12,542,338			11,224,716	12,542,338	
General Revenue:							
Property Taxes	38,097,207	37,366,185			38,097,207	37,366,185	
Federal and State Aid Not Restricted	1,092,835	985,413			1,092,835	985,413	
Other	655,630	383,530	201	12	655,831	383,542	
Total Revenue	<u>52,548,889</u>	<u>52,509,413</u>	<u>900,415</u>	<u>5,503</u>	<u>53,449,304</u>	<u>52,514,916</u>	1.78%
Expenses:							
Instruction	29,844,114	31,482,564			29,844,114	31,482,564	
Pupil and Instruction Services	8,197,281	7,844,678			8,197,281	7,844,678	
Administration and Business	4,379,360	4,371,641			4,379,360	4,371,641	
Maintenance and Operations	3,989,518	3,392,454			3,989,518	3,392,454	
Transportation	1,617,335	1,417,713			1,617,335	1,417,713	
Other	291,254	325,606	955,220	87,050	1,246,474	412,656	
Total Expenses	<u>48,318,862</u>	<u>48,834,656</u>	<u>955,220</u>	<u>87,050</u>	<u>49,274,082</u>	<u>48,921,706</u>	0.72%
Transfers	<u>(50,000)</u>	<u>(60,000)</u>	<u>50,000</u>	<u>60,000</u>			
Change in Net Position	<u>\$ 4,180,027</u>	<u>\$ 3,614,757</u>	<u>\$ (4,805)</u>	<u>\$ (21,547)</u>	<u>\$ 4,175,222</u>	<u>\$ 3,593,210</u>	16.20%

**PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	
	2021/2022	2020/2021	2021/2022	2020/2021
Instruction	\$ 29,844,114	\$ 31,482,564	\$19,443,347	\$19,166,770
Pupil & Instruction Services	8,197,281	7,844,678	6,913,796	7,228,189
Administration & Business	4,379,360	4,371,641	3,763,195	3,778,943
Maintenance & Operations	3,989,518	3,392,454	3,780,483	3,283,666
Transportation	1,617,335	1,417,713	1,423,570	1,277,197
Other	291,254	325,606	291,254	325,606
	<u>\$ 48,318,862</u>	<u>\$ 48,834,656</u>	<u>\$ 35,615,645</u>	<u>\$ 35,060,371</u>

Business-Type Activities

Net position from the District's business-type activities decreased by \$4,805 (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. 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, 2022**

Financial Analysis of the District's Funds

The District's General Fund financial position increased \$2,953,581 during the fiscal year primarily due to cost savings that resulted in unexpended budget appropriations. The District's Capital Projects Fund financial position decreased \$2,515,317 primarily due to expenditures on previous 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 Change 2021/2022
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	
Land	\$ 4,659,600	\$ 4,659,600			\$ 4,659,600	\$ 4,659,600	
Construction in Progress	6,937,774	5,568,816			6,937,774	5,568,816	
Site Improvements	2,266,174	2,333,592			2,266,174	2,333,592	
Buildings/Building Improvements	14,174,392	14,122,309			14,174,392	14,122,309	
Machinery and Equipment	900,308	842,996	\$ 44,654	\$ 53,328	944,962	896,324	
Total	\$ 28,938,248	\$ 27,527,313	\$ 44,654	\$ 53,328	\$ 28,982,902	\$ 27,580,641	5.08%

The District's capital assets increased \$1,393,763 or 5.05% during the year. This is primarily due to continued capital assets acquisitions including construction in progress, offset by depreciation and deletions. (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, 2022**

Long-Term Liabilities

The District’s overall long-term liabilities decreased \$2,612,980, or 12.12%. The decrease in total long-term liabilities from the prior year is primarily due to a decrease in general obligation bonds, net pension liability, net unamortized bond premiums, and financed purchases, offset by an increase in leases and compensated absences payable– as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements).

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage Change 2021/2022
	2021/2022	2020/2021	
General Obligation Bonds (Financed with Property Taxes)	\$ 8,250,000	\$ 9,205,000	
Net Pension Liability	4,284,568	5,952,470	
Net Unamortized Bond Premiums	629,800	719,772	
Financed Purchases	5,376,005	5,424,292	
Leases	130,822		
Compensated Absences Payable	280,820	263,461	
	<u>\$ 18,952,015</u>	<u>\$ 21,564,995</u>	-12.12%

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 affect 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 has seen a negligible increase 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, 2022**

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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 12,096,761	\$ 13,123	\$ 12,109,884
Internal Balances	(40,000)	40,000	
Receivables from Federal Government	220,944		220,944
Receivables from State Government	770,773		770,773
Receivables from Other Governments	1,547,355		1,547,355
Receivables - Other	37,549		37,549
Inventory		8,876	8,876
Restricted Cash and Cash Equivalents	5,978,667		5,978,667
Capital Assets, Net:			
Sites (Land)	4,659,600		4,659,600
Construction in Progress	6,937,774		6,937,774
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	17,340,874	44,654	17,385,528
Lease Assets, Net	129,240		129,240
Total Assets	49,679,537	106,653	49,786,190
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	334,621		334,621
Deferred Outflows - Pensions	542,900		542,900
Total Deferred Outflows of Resources	877,521		877,521
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	139,201		139,201
Payable to State Government	47,988		47,988
Accounts Payable	1,056,252	55,654	1,111,906
Unearned Revenue	24,639	14,326	38,965
Noncurrent Liabilities:			
Due Within One Year	1,423,624		1,423,624
Due Beyond One Year	17,528,391		17,528,391
Total Liabilities	20,220,095	69,980	20,290,075
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	3,440,632		3,440,632
Total Deferred Inflows of Resources	3,440,632		3,440,632
NET POSITION			
Net Investment in Capital Assets	15,645,282	44,654	15,689,936
Restricted for:			
Unemployment Compensation	705,330		705,330
Student Activities	185,411		185,411
Scholarships	134,402		134,402
Capital Projects	3,587,857		3,587,857
Excess Surplus	7,101,146		7,101,146
Maintenance Reserve	1,365,667		1,365,667
Unrestricted/(Deficit)	(1,828,764)	(7,981)	(1,836,745)
Total Net Position	\$ 26,896,331	\$ 36,673	\$ 26,933,004

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, 2022

Functions/Programs	Program Revenues				Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
			Operating Grants and Contributions	Capital Grants and Contributions			
Governmental Activities:							
Instruction:							
Regular	\$ 21,184,960	\$ 1,207,780	\$ 5,190,622		\$ (14,786,558)		\$ (14,786,558)
Special Education	6,823,620		3,611,189		(3,212,431)		(3,212,431)
Other Special Instruction	420,202		110,578		(309,624)		(309,624)
School Sponsored Instruction	1,415,332		280,598		(1,134,734)		(1,134,734)
Support Services:							
Tuition	1,726,640		486,045		(1,240,595)		(1,240,595)
Student & Instruction Related Services	6,470,641	270,721	526,719		(5,673,201)		(5,673,201)
General Administrative Services	832,591		39,769		(792,822)		(792,822)
School Administrative Services	2,580,101		495,993		(2,084,108)		(2,084,108)
Central Services	681,050		62,388		(618,662)		(618,662)
Administration Information Technology	285,618		18,015		(267,603)		(267,603)
Plant Operations and Maintenance	3,989,518		209,035		(3,780,483)		(3,780,483)
Pupil Transportation	1,617,335		193,765		(1,423,570)		(1,423,570)
Interest on Long-Term Debt	291,254				(291,254)		(291,254)
Total Governmental Activities	48,318,862	1,478,501	11,224,716		(35,615,645)		(35,615,645)

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	\$ 955,220	\$ 900,214				\$ (55,006)	\$ (55,006)
Total Business-Type Activities	<u>955,220</u>	<u>900,214</u>				<u>(55,006)</u>	<u>(55,006)</u>
Total Primary Government	<u>\$ 49,274,082</u>	<u>\$ 2,378,715</u>	<u>\$ 11,224,716</u>	<u>\$ - 0 -</u>	<u>\$ (35,615,645)</u>	<u>(55,006)</u>	<u>(35,670,651)</u>
General Revenues and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					37,136,537		37,136,537
Taxes Levied for Debt Service					960,670		960,670
Federal and State Aid Not Restricted					1,092,835		1,092,835
Investment Earnings					5,885	201	6,086
Miscellaneous Income					649,745		649,745
Transfers					(50,000)	50,000	
Total General Revenues and Transfers					<u>39,795,672</u>	<u>50,201</u>	<u>39,845,873</u>
Change in Net Position					4,180,027	(4,805)	4,175,222
Net Position - Beginning					22,716,304	41,478	22,757,782
Net Position - Ending					<u>\$ 26,896,331</u>	<u>\$ 36,673</u>	<u>\$ 26,933,004</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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 8,087,425		\$ 4,009,336	\$ 12,096,761
Interfund Receivable	862,718			862,718
Receivables from Federal Government	86,770	\$ 134,174		220,944
Receivables from State Government	722,851	47,922		770,773
Receivables from Other Governments	1,547,355			1,547,355
Receivables - Other	34,413	3,136		37,549
Restricted Cash and Cash Equivalents	5,658,854	319,813		5,978,667
TOTAL ASSETS	\$ 17,000,386	\$ 505,045	\$ 4,009,336	\$ 21,514,767
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Interfund Payable	\$ 40,000	\$ 63,891	\$ 798,827	\$ 902,718
Payable to State Government		47,988		47,988
Accounts Payable	540,101	63,138		603,239
Unearned Revenue	14,424	10,215		24,639
Total Liabilities	594,525	185,232	798,827	1,578,584
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	4,101,146			4,101,146
Excess Surplus - Prior Year - For Subsequent Year's Expenditures	3,000,000			3,000,000
Capital Reserve Account	3,587,857			3,587,857
Maintenance Reserve Account	1,365,667			1,365,667
Unemployment Compensation	705,330			705,330
Student Activities		185,411		185,411
Scholarships		134,402		134,402
Committed:				
Capital Projects			3,210,509	3,210,509
Assigned:				
Year-End Encumbrances	1,094,534			1,094,534
For Subsequent Year's Expenditures	994,244			994,244
Unassigned	1,557,083			1,557,083
Total Fund Balances	16,405,861	319,813	3,210,509	19,936,183
TOTAL LIABILITIES & FUND BALANCES	\$ 17,000,386	\$ 505,045	\$ 4,009,336	\$ 21,514,767

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1

Total Fund Balances - Governmental Funds (<i>Above</i>)	\$ 19,936,183
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	28,938,248
Leased Assets, Net used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	129,240
Long-Term Liabilities, including Bonds Payable, Net Pension Liability for PERS, Leases Payable and Financed Purchases Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(18,322,215)
Bond Premiums are reported as revenue in the funds in the year the bonds are sold.	(629,800)
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	89,887
Deferred Inflows	(3,440,632)
The Deferred amount on the refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure.	334,621
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>(139,201)</u>
Net Position of Governmental Activities	<u><u>\$ 26,896,331</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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 37,136,537			\$ 960,670	\$ 38,097,207
Tuition	1,207,780				1,207,780
Capital Reserve Interest	5,885				5,885
Rents and Royalties	86,532				86,532
Restricted Miscellaneous	38,318	\$ 270,721			309,039
Unrestricted Miscellaneous	524,895	16,688			541,583
Total - Local Sources	38,999,947	287,409		960,670	40,248,026
State Sources	12,057,331	379,738		343,380	12,780,449
Federal Sources		855,779			855,779
Total Revenues	51,057,278	1,522,926		1,304,050	53,884,254

EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	13,580,806	485,809			14,066,615
Special Education Instruction	4,699,883	160,465			4,860,348
Other Special Instruction	264,719				264,719
School Sponsored Instruction	1,020,787				1,020,787
Support Services and Undistributed Costs:					
Tuition	1,240,595	486,045			1,726,640
Student & Instruction Related Services	4,618,737	291,747			4,910,484
General Administration Services	717,197				717,197
School Administration Services	1,565,858				1,565,858
Central Services	515,408				515,408

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

EXPENDITURES	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Current:					
Support Services and Undistributed Costs:					
Administrative Information Technology	\$ 235,364				\$ 235,364
Plant Operations and Maintenance	2,864,089				2,864,089
Pupil Transportation	1,136,709				1,136,709
Unallocated Benefits	14,914,682				14,914,682
Capital Outlay	255,894	\$ 119,886	\$ 3,093,376		3,469,156
Debt Service:					
Principal				\$ 955,000	955,000
Interest and Other Charges				349,050	349,050
Total Expenditures	47,630,728	1,543,952	3,093,376	1,304,050	53,572,106
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	3,426,550	(21,026)	(3,093,376)		312,148
OTHER FINANCING SOURCES/(USES):					
Leases	155,090				155,090
Transfers In/(Out)	(628,059)		578,059		(50,000)
Total Other Financing Sources/(Uses)	(472,969)		578,059		105,090
Net Change in Fund Balances	2,953,581	(21,026)	(2,515,317)		417,238
Fund Balance - July 1	13,452,280	340,839	5,725,826		19,518,945
Fund Balance - June 30	\$ 16,405,861	\$ 319,813	\$ 3,210,509	\$ - 0 -	\$ 19,936,183

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, 2022

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 417,238

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 Asset Additions 3,278,638
Depreciation Expense (1,867,703)

Capital outlays related to lease assets are reported in Governmental Funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

Amortization Expense (25,850)
Lease Asset Additions 155,090

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 (+).

(17,359)

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.

955,000

Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

(155,090)

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, 2022

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	\$ 1,667,902
Change in Deferred Outflows	(425,148)
Change in Deferred Inflows	66,958
	89,972

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 (+).

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 (+).

Repayment of 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.

Repayment of financed purchases 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.

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 (-).

Change in Net Position of Governmental Activities (Exhibit A-2)	\$ 4,180,027
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(47,803)

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, 2022

	Business-Type Activities: <u>Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 13,123
Interfund Receivable - General Fund	40,000
Inventory	8,876
	61,999
Total Current Assets	61,999
Non-Current Assets:	
Capital Assets	171,426
Less: Accumulated Depreciation	(126,772)
	44,654
Total Non-Current Assets	44,654
Total Assets	106,653
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	14,326
Accounts Payable - Vendors	55,654
	69,980
Total Liabilities	69,980
NET POSITION:	
Investment in Capital Assets	44,654
Unrestricted/(Deficit)	(7,981)
	36,673
Total Net Position	\$ 36,673

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, 2022

	<u>Business-Type Activities: Enterprise Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 900,214
Total Operating Revenue	<u>900,214</u>
Operating Expenses:	
Cost of Sales - Nonreimbursable Programs	427,740
Salaries	277,894
Payroll Taxes	41,289
Employee Benefits	18,578
Purchased Property Services	69,488
Supplies and Materials	52,338
Depreciation Expense	8,674
Miscellaneous Expenses	59,219
Total Operating Expenses	<u>955,220</u>
Operating (Loss)	<u>(55,006)</u>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	201
Total Non-Operating Revenue	<u>201</u>
Change in Net Position Before Transfer	(54,805)
Transfer - General Fund	<u>50,000</u>
Change in Net Assets After Transfer	(4,805)
Net Position - Beginning of Year	<u>41,478</u>
Net Position - End of Year	<u><u>\$ 36,673</u></u>

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, 2022

	<u>Business-Type Activities: Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 894,976
Payments to Food Service Vendors	<u>(897,559)</u>
Net Cash Provided by/(Used for) used for Operating Activities	<u>(2,583)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>201</u>
Net Cash Provided by/(Used for) Investing Activities	<u>201</u>
Cash Flows from Noncapital Financing Activities:	
Transfer - Board Contribution	<u>10,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>10,000</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	7,618
Cash and Cash Equivalents, July 1	<u>5,505</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 13,123</u></u>
Reconciliation of Operating Loss to Net Cash Provided by/(Used for) Operating Activities:	
Operating (Loss)	\$ (55,006)
Adjustment to Reconcile Operating Loss to Cash Provided by / (Used for) Operating Activities:	
Depreciation	8,674
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	46,831
Increase/(Decrease) in Prepaid Sales	(5,238)
Decrease/(Increase) in Inventory	<u>2,156</u>
Net Cash Provided by/(Used for) Operating Activities	<u><u>\$ (2,583)</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, 2022

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, 2022
(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, 2022
(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 or lease 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, 2022
(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 or lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases 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, 2022 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, 2022
(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	\$ 51,062,982	\$ 1,600,912
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		(83,271)
Prior Year Encumbrances		5,285
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	211,655	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(217,359)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 51,057,278	\$ 1,522,926
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 47,630,728	\$ 1,621,938
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		(83,271)
Prior Year Encumbrances		5,285
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 47,630,728	\$ 1,543,952

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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)	\$ 5,547,255
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)	\$ 3,210,509

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, 2022
(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, 2022.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the lease at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. 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.

N. 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 for this purpose as of June 30, 2022.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

O. 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.

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.

P. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Q. 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.

R. Fund Balance Appropriated:

General Fund: Of the \$16,405,861 General Fund balance at June 30, 2022, \$1,094,534 is assigned for encumbrances; \$994,244 is assigned for subsequent year's expenditures and has been appropriated and included as anticipated revenue for fiscal year end June 30, 2023; \$3,587,857 is restricted in the capital reserve account; \$1,365,667 is restricted in the maintenance reserve account; \$705,330 is restricted for unemployment compensation; \$4,101,146 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2024; \$3,000,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2023; and \$1,557,083 is unassigned which is \$217,359 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, 2023.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

R. Fund Balance Appropriated: (Cont'd)

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2021 is \$319,813 and is restricted for student activities and scholarships.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2022 of \$3,210,509, is committed, which 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, 2022 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.

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.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

S. Deficit Fund Balance/Net Position:

The District had a \$1,828,764 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 \$7,981 deficit in unrestricted net position in its business-type activities. The District will continue to transfer funds as a Board contribution from its governmental activities to cover any deficits.

T. 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, 2022 for the deferred amount on refunding of debt, and pensions.

The District had a deferred inflow of resources at June 30, 2022 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, lease assets, net of accumulated amortization 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.

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.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

U. 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, 2022 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 the amount designated for subsequent year's expenditures, in the General Fund at June 30, 2022.

V. 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, 2022
(Continued)

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

W. 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.

X. 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.

Y. 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, 2022
(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, 2022
(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, 2022
(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, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 12,109,884	\$ 5,978,667	\$ 18,088,551

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$18,088,551 and the bank balance was \$18,832,715.

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, 2022
(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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 3,160,031
Interest Earnings	5,885
Increase by Board Resolution in June 2022	1,000,000
Transfer from Capital Projects Fund (Unexpended Project Balances)	545,537
Budgeted Withdrawal, Net of Unexpended Appropriations	(1,123,596)
Ending Balance, June 30, 2022	\$ 3,587,857

The balance in the Capital Reserve Account at June 30, 2022 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, 2022, the District transferred \$45,966 to capital outlay accounts which included a transfer of \$33,381 for the acquisition of equipment (which did not require County Superintendent approval) and \$12,585 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, 2022
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2022 were as follows:

	<u>Balance</u> <u>6/30/2021</u>	<u>Adjustments</u> <u>& Increases</u>	<u>Adjustments</u> <u>& Deletions</u>	<u>Balance</u> <u>6/30/2022</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Sites (Land)	\$ 4,659,600			\$ 4,659,600
Construction in Progress	5,568,816	\$ 3,093,247	\$(1,724,289)	6,937,774
Total Capital Assets Not Being Depreciated	<u>10,228,416</u>	<u>3,093,247</u>	<u>(1,724,289)</u>	<u>11,597,374</u>
Capital Assets Being Depreciated:				
Site Improvements	3,790,318	124,867		3,915,185
Buildings and Building Improvements	39,123,737		1,459,294	40,583,031
Machinery and Equipment	4,037,092	60,524	215,993	4,313,609
Total Capital Assets Being Depreciated	<u>46,951,147</u>	<u>185,391</u>	<u>1,675,287</u>	<u>48,811,825</u>
Governmental Activities Capital Assets	<u>57,179,563</u>	<u>3,278,638</u>	<u>(49,002)</u>	<u>60,409,199</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,456,726)	(192,285)		(1,649,011)
Buildings and Building Improvements	(25,001,428)	(1,407,211)		(26,408,639)
Machinery and Equipment	(3,194,096)	(268,207)	49,002	(3,413,301)
	<u>(29,652,250)</u>	<u>(1,867,703)</u>	<u>49,002</u>	<u>(31,470,951)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 27,527,313</u>	<u>\$ 1,410,935</u>	<u>\$ - 0 -</u>	<u>\$ 28,938,248</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 171,426			\$ 171,426
Less Accumulated Depreciation	(118,098)	\$ (8,674)		(126,772)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 53,328</u>	<u>\$ (8,674)</u>	<u>\$ - 0 -</u>	<u>\$ 44,654</u>

The District expended \$3,093,247 towards construction projects in progress and for continuation of construction in the Capital Projects Fund and \$185,391 for improvements and equipment from the General Fund capital outlay accounts during the fiscal year. As of June 30, 2022, the District has \$12,961,562 in active construction projects with unexpended balances of \$5,547,255.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 483,618
Student & Instructional Related Services	162,502
General Administrative Services	9,052
School Administrative Services	233,762
Operations and Maintenance of Plant	617,095
Pupil Transportation	<u>361,674</u>
	<u>\$ 1,867,703</u>

NOTE 7. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment		\$ 155,090		\$ 155,090
Total Lease Assets Being Amortized		<u>155,090</u>		<u>155,090</u>
Governmental Activities Lease Assets		<u>155,090</u>		<u>155,090</u>
Less Accumulated Amortization for:				
Machinery and Equipment			\$ 25,850	(25,850)
			<u>25,850</u>	<u>(25,850)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ -0-</u>	<u>\$ 155,090</u>	<u>\$ 25,850</u>	<u>\$ 129,240</u>

Amortization expense was charged to governmental functions as follows:

Regular Instruction	<u>\$ 25,850</u>
	<u>\$ 25,850</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance <u>6/30/2021</u>	Accrued	Retired	Balance <u>6/30/2022</u>
Serial Bonds Payable	\$ 9,205,000		\$ 955,000	\$ 8,250,000
Net Unamortized Bond Premiums	719,772		89,972	629,800
Compensated Absences Payable	263,461	\$ 17,359		280,820
Leases Payable		155,090	24,268	130,822
Financed Purchases	5,424,292		48,287	5,376,005
Net Pension Liability - PERS	5,952,470		1,667,902	4,284,568
	<u>\$21,564,995</u>	<u>\$ 172,449</u>	<u>\$ 2,785,429</u>	<u>\$ 18,952,015</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, 2022
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2022 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Renovation Project	8/12/2029	2.75% - 3.875%	\$ 2,110,000
Refunding Bonds	1/15/2029	4.00%	<u>6,140,000</u>
			<u>\$ 8,250,000</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	\$ 990,000	\$ 316,625	\$ 1,306,625
2023	1,030,000	279,775	1,309,775
2024	1,090,000	240,825	1,330,825
2025	1,135,000	199,725	1,334,725
2026	1,185,000	156,313	1,341,313
2027-2030	<u>2,820,000</u>	<u>345,869</u>	<u>3,165,869</u>
	<u>\$ 8,250,000</u>	<u>\$ 1,539,132</u>	<u>\$ 9,789,132</u>

B. Bonds Authorized But Not Issued:

There were no bonds authorized but not issued as of June 30, 2022.

C. Financed Purchases Payable:

The District has a financed purchases agreement for a bus and maintenance vehicle under a financed purchases agreement for \$250,000, of which \$99,693 has been liquidated as of June, 30 2022. Additionally, on May 12, 2021, the District entered into a \$5,225,698 financed 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, 2022, \$-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 financed 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 financed purchases payable will be liquidated by the General Fund. The current portion for governmental leases is \$313,722 and the long-term portion is \$5,062,283.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

C. Financed Purchase Payable: (Cont'd)

A schedule of the future minimum financed purchase payments under these financed purchases, and the present value of the net minimum financed purchase payments at June 30, 2022.

Fiscal Year Ending June 30,	Amount
2023	\$ 420,283
2024	570,377
2025	435,793
2026	381,709
2027	389,776
2028-2032	1,883,947
2033-2037	2,114,826
Total Minimum Financed Purchase Payments	6,196,711
Less: Amount Representing Interest	(820,706)
Present Value of Net Minimum Financed Purchase Payments	\$ 5,376,005

D. Leases Payable:

The District had leases outstanding as of June 30, 2022 as follows:

Purpose	Commencement Date	Frequency of Payment	Final Maturity Date	Interest Rate	Amount
Copier Lease	09/09/21	Monthly	08/09/26	3.100%	\$ 130,822
					\$ 130,822

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

D. Leases Payable: (Cont'd)

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 29,930	\$ 3,502
2024	30,836	2,596
2025	31,771	1,661
2026	32,734	698
2027	5,551	21
	<u>\$ 130,822</u>	<u>\$ 8,478</u>

E. 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, 2022 is \$89,972 and the long-term portion is \$539,828.

F. 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, 2022 is currently payable; therefore, the long-term portion of compensated absences is \$280,820.

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, 2022, no liability existed for compensated absences in the Food Service Enterprise Fund.

G. 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, 2022 is \$-0- and the long-term portion is \$4,284,568. See Note 10 for further information on the PERS.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. 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 10. 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.

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 1/55th 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 1/60th 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, 2022
(Continued)

NOTE 10. 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 \$423,562 for fiscal year 2022.

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, 2022, the District's liability was \$4,284,568 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2022, the District's proportion was 0.0362%, which was a decrease of 0.003% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized an actual pension benefit in the amount of \$886,151. At June 30, 2022, 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, 2022
(Continued)

NOTE 10. 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)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ (181,068)
	2018	5.63		(339,462)
	2019	5.21		(299,463)
	2020	5.16		(705,341)
	2021	5.13	\$ 22,314	
			<u>22,314</u>	<u>(1,525,334)</u>
Difference Between Expected and Actual Experience	2017	5.48	5,385	
	2018	5.63		(12,927)
	2019	5.21	22,891	
	2020	5.16	39,297	
	2021	5.13		(17,745)
			<u>67,571</u>	<u>(30,672)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		(33,469)
	2019	5.00		10,799
	2020	5.00		243,381
	2021	5.00		(1,349,379)
				<u>(1,128,668)</u>
Changes in Proportion	2017	5.48		(11,812)
	2018	5.63		(118,612)
	2019	5.21		(148,316)
	2020	5.16		(418,520)
	2021	5.13		(58,698)
				<u>(755,958)</u>
District Contribution Subsequent to Measurement Date	2021	1.00	453,015	
			<u>\$ 542,900</u>	<u>\$ (3,440,632)</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. 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 benefit as follows:

Fiscal Year Ending June 30,	Total
2022	\$ (1,010,974)
2023	(721,831)
2024	(492,166)
2025	(369,962)
2026	144
	\$ (2,594,789)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. 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, 2021. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of 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, 2021 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, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 5,837,941	\$ 4,284,568	\$ 2,970,693

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, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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.

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 1/55th 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 1/60th 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 2021, 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, 2022
(Continued)

NOTE 10. 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$6,269,405 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$4,368,388.

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, 2022, the State's proportionate share of the net pension liability associated with the District was \$71,663,588. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.1491%, which was a decrease of 0.0065% from its proportion measured as of June 30, 2020.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>71,663,588</u>
Total	\$	<u><u>71,663,588</u></u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$4,368,388 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. 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	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			5,289,559,561	24,224,281,713
Difference Between Expected and Actual Experience	2014	8.50		1,464,605
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			941,265,828	142,774,569
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
				2,854,036,178
			\$ 6,230,825,389	\$ 27,221,092,460

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, 2022
(Continued)

NOTE 10. 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
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022
(Continued)

NOTE 10. 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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. 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, 2021 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, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (57.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 84,790,012	\$ 71,663,588	\$ 60,638,231

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 \$23,869 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$32,863 for the fiscal year ended June 30, 2022.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. 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 Annual Comprehensive 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 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, 2022 was not available as of the date of this report. Selected, summarized financial information as of June 30, 2021 is as follows:

	Pooled Insurance Program of New Jersey
Total Assets	<u>\$ 21,110,862</u>
Net Position	<u>\$ 8,372,678</u>
Total Revenue	<u>\$ 8,839,781</u>
Total Expenses	<u>\$ 7,439,223</u>
Change in Net Position	<u>\$ 309,596</u>
Member Dividends	<u>\$ 1,090,962</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. 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>
2022	\$ 37,320	\$ 50,000	\$ 1,703	\$ 705	\$ 705,330
2021	24,107	50,000	1,272	13,373	617,012
2020	45,949	50,000	5,831	25,142	555,006

NOTE 12. 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, 2022
(Continued)

NOTE 13. 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, 2022, 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>\$ 1,094,534</u>	<u>\$ 83,271</u>	<u>\$ 1,177,805</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances of \$83,271 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 14. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances existed as of June 30, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 862,718	\$ 40,000
Special Revenue Fund		63,891
Capital Projects Fund		798,827
Proprietary Fund:		
Food Service Enterprise Fund	<u>40,000</u>	
	<u>\$ 902,718</u>	<u>\$ 902,718</u>

The interfund receivable in the General Fund is comprised of cash advanced to the Special Revenue Fund and Capital Projects Fund while awaiting reimbursement of grant expenditures. The interfund receivable in the Food Service Fund is for the Board contribution that was not received as of June 30, 2022.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 15. 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 16. 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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 1,341,000
Increase by Board Resolution in June 2022	250,000
Unexpended Balances Returned	424,667
Budgeted Withdrawal	<u>(650,000)</u>
Ending Balance, June 30, 2022	<u>\$ 1,365,667</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2022:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	<u>Proprietary Fund</u> Food Service
	<u>General Fund</u>	<u>Special Revenue Fund</u>			
Vendors	\$ 529,241	\$ 63,138		\$ 592,379	\$ 55,654
Accrued Salaries	100			100	
Payroll Deductions and Withholdings	10,760			10,760	
Due to:					
State of New Jersey			\$ 453,015	453,015	
	<u>\$ 540,101</u>	<u>\$ 63,138</u>	<u>\$ 453,015</u>	<u>\$ 1,056,254</u>	<u>\$ 55,654</u>

NOTE 18. 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 \$153,741 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on this property for 2021 without the abatement would have been \$235,480 of which \$150,605 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, 2022
(Continued)

NOTE 19. 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 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 annual financial statements 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, 2022
(Continued)

NOTE 19. 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, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	216,804
Total	366,108

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

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%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.45% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 4.45% based on service years	3.00 - 7.00% based on service years

The actuarial assumptions used in the June 30, 2019 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, 2022
(Continued)

NOTE 19. 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) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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, 2019	\$ 66,460,645
Changes for Year:	
Service Cost	2,675,433
Interest on the Total OPEB Liability	2,389,362
Differences between Expected and Actual Experience	15,064,671
Changes in Assumptions	18,960,366
Contributions from Members	54,771
Gross Benefit Payments by the State	(1,807,041)
Net Changes	37,337,562
Balance at June 30, 2020	\$ 103,798,207

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 19. 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, 2020, 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, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 125,134,096	\$ 103,798,207	\$ 87,115,597

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, 2020, 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, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 83,789,413	\$ 103,798,207	\$ 127,624,233

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 19. 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, 2022 the District recognized OPEB expense of \$4,733,217 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, 2020 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		\$ 6,299,348
	2018	9.51		5,544,615
	2019	9.29	\$ 747,355	
	2020	9.24	16,908,378	
			<u>17,655,733</u>	<u>11,843,963</u>
Differences between Expected and Actual Experience	2018	9.51		5,241,387
	2019	9.29		8,796,412
	2020	9.24	15,759,272	
			<u>15,759,272</u>	<u>14,037,799</u>
Changes in Proportion	N/A	N/A	<u>851,620</u>	<u>3,526,520</u>
			<u>\$ 34,266,625</u>	<u>\$ 29,408,282</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows on the following page.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 19. 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 (Cont'd)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2021	\$ (66,495)
2022	(66,495)
2023	(66,495)
2024	(66,495)
2025	(66,495)
Thereafter	<u>(7,200,768)</u>
	<u>\$ (7,533,243)</u>

**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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0405464396%	0.0430193461%	0.0435155578%	0.0428972281%	0.0410807800%	0.0395571493%	0.0365016828%	0.0361673753%
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	\$ 4,284,568
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	\$ 2,680,675
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%	159.83%
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%	70.33%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 334,259	\$ 369,851	\$ 386,586	\$ 400,248	\$ 408,621	\$ 391,842	\$ 401,133	\$ 423,562
Contributions in relation to the contractually required contribution	(334,259)	(369,851)	(386,586)	(400,248)	(408,621)	(391,842)	(401,133)	(423,562)
Contribution deficiency/(excess)	\$ -0-	\$ -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	\$ 2,613,544
Contributions as a percentage of covered employee payroll	11.55%	12.74%	13.36%	14.01%	15.16%	15.27%	14.96%	16.21%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
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%	0.1490656400%
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	\$ 71,663,588
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	\$ 17,650,371
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%	406.02%
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%	35.52%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 4,922,302	\$ 6,070,681	\$ 9,212,252	\$ 7,372,526	\$ 5,866,019	\$ 5,643,296	\$ 6,373,944	\$ 4,368,388
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)	(6,269,405)
Contribution deficiency/(excess)	\$ 4,071,856	\$ 4,822,824	\$ 7,498,896	\$ 5,043,252	\$ 2,799,847	\$ 2,229,053	\$ 1,958,342	\$ (1,901,017)
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	\$ 17,987,288
Contributions as a percentage of covered employee payroll	31.03%	39.07%	56.68%	44.51%	35.63%	34.16%	36.11%	24.29%

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 FOUR FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
			2020
Service Cost	\$ 3,364,071	\$ 2,789,237	\$ 2,480,950
Interest Cost	2,671,378	3,086,977	2,888,647
Differences between Expected and Actual Experience		(6,828,124)	(11,061,737)
Changes in Assumptions	(11,081,177)	(8,393,355)	990,934
Member Contributions	71,962	67,595	60,476
Gross Benefit Payments	(1,954,303)	(1,955,778)	(2,040,144)
Net Change in Total OPEB Liability	(6,928,069)	(11,233,448)	(6,680,874)
Total OPEB Liability - Beginning	91,303,036	84,374,967	73,141,519
Total OPEB Liability - Ending	<u>\$ 84,374,967</u>	<u>\$ 73,141,519</u>	<u>\$ 66,460,645</u>
State's Covered Employee Payroll *	\$ 18,440,847	\$ 19,147,557	\$ 19,420,251
Total OPEB Liability as a Percentage of Covered Employee Payroll	458%	382%	342%
			542%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019 and 2020 are based on the payroll on the June 30, 2016, 2017, 2018 and 2019 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, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation, the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation, the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

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, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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 SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 37,136,537		\$ 37,136,537	\$ 37,136,537	
Tuition From Individuals	348,264		348,264	161,551	\$ (186,713)
Tuition From Other LEAs Within the State	1,080,557		1,080,557	1,046,229	(34,328)
Rents and Royalties	55,000		55,000	86,532	31,532
Unrestricted Miscellaneous Revenues	98,961		98,961	524,895	425,934
Interest Earned on Maintenance Reserve	500		500		(500)
Interest Earned on Capital Reserve Funds	2,200		2,200	5,885	3,685
Other Restricted Miscellaneous Revenues				38,318	38,318
Total Revenues from Local Sources	<u>38,722,019</u>		<u>38,722,019</u>	<u>38,999,947</u>	<u>277,928</u>
Revenues from State Sources:					
School Choice Aid	55,008		55,008	55,008	
Categorical Transportation Aid	124,035		124,035	124,035	
Extraordinary Aid	342,000		342,000	513,743	171,743
Categorical Special Education Aid	1,601,412		1,601,412	1,601,412	
Equalization Aid	406,379		406,379	406,379	
Categorical Security Aid	168,558		168,558	168,558	
Non-Public Transportation				24,983	24,983
School Security Grant			12,585	12,585	
TPAF Post Retirement Contributions (Non-Budgeted)				1,485,453	1,485,453
TPAF Pension Contributions (Non-Budgeted)				6,269,405	6,269,405
TPAF Non-Contributory Insurance (Non-Budgeted)				88,453	88,453
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,300	2,300
Reimbursed TPAF Social Security Contributions			2,709,977	1,310,721	1,310,721
Total Revenues from State Sources	<u>2,697,392</u>		<u>2,709,977</u>	<u>12,063,035</u>	<u>9,353,058</u>
TOTAL REVENUE	<u>41,419,411</u>		<u>41,431,996</u>	<u>51,062,982</u>	<u>9,630,986</u>

PEQUANNOCK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 145,915	\$ 30,711	\$ 176,626	\$ 132,649	\$ 43,977
Kindergarten - Salaries of Teachers	527,890	2,200	530,090	528,540	1,550
Grades 1-5 - Salaries of Teachers	3,876,040	92,062	3,968,102	3,931,459	36,643
Grades 6-8 - Salaries of Teachers	2,495,857	(139,496)	2,356,361	2,343,307	13,054
Grades 9-12 - Salaries of Teachers	4,494,454	(134,062)	4,360,392	4,283,718	76,674
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000	7,756	22,756	22,056	700
Purchased Professional-Educational Services	30,000	23,966	53,966	47,666	6,300
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	68,713		68,713	65,211	3,502
Purchased Professional-Educational Services	342,181	70,907	413,088	267,250	145,838
Purchased Technical Services	385,962	(7,168)	378,794	300,876	77,918
Other Purchased Services (400-500 series)	644,689	(63,408)	581,281	226,636	354,645
General Supplies	1,925,383	(200,576)	1,724,807	1,065,623	659,184
Textbooks	440,858	23,200	464,058	360,912	103,146
Other Objects	3,060	8,781	11,841	4,903	6,938
Total Regular Programs - Instruction	<u>15,396,002</u>	<u>(285,127)</u>	<u>15,110,875</u>	<u>13,580,806</u>	<u>1,530,069</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	409,553		409,553	382,632	26,921
Other Salaries for Instruction	99,720	11,600	111,320	59,500	51,820
General Supplies	9,538	(1,118)	8,420	2,090	6,330
Total Learning and/or Language Disabilities	<u>518,811</u>	<u>10,482</u>	<u>529,293</u>	<u>444,222</u>	<u>85,071</u>

PEQUANNOCK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple Disabilities:					
Salaries of Teachers	\$ 261,227	\$ 36,173	\$ 297,400	\$ 286,711	\$ 10,689
Other Salaries for Instruction	205,850	(96,817)	109,033	106,435	2,598
General Supplies	15,000	(5,052)	9,948	8,387	1,561
Other Objects	4,899	(599)	4,300	1,756	2,544
Total Multiple Disabilities	<u>486,976</u>	<u>(66,295)</u>	<u>420,681</u>	<u>403,289</u>	<u>17,392</u>
Resource Room/Resource Center:					
Salaries of Teachers	2,454,483	(132,732)	2,321,751	2,319,276	2,475
Other Salaries for Instruction	159,497	17,026	176,523	173,463	3,060
Purchased Professional-Educational Services	456,702	727,252	1,183,954	1,168,564	15,390
General Supplies	9,225	(810)	8,415	4,982	3,433
Total Resource Room/Resource Center	<u>3,079,907</u>	<u>610,736</u>	<u>3,690,643</u>	<u>3,666,285</u>	<u>24,358</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	65,735	22,924	88,659	88,659	
Other Salaries for Instruction	121,055	(55,632)	65,423	65,384	39
Total Preschool Disabilities - Full-Time	<u>186,790</u>	<u>(32,708)</u>	<u>154,082</u>	<u>154,043</u>	<u>39</u>
Home Instruction:					
Purchased Professional-Educational Services	28,836	5,247	34,083	32,044	2,039
General Supplies	1,000		1,000		1,000
Total Home Instruction	<u>29,836</u>	<u>5,247</u>	<u>35,083</u>	<u>32,044</u>	<u>3,039</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>4,302,320</u>	<u>527,462</u>	<u>4,829,782</u>	<u>4,699,883</u>	<u>129,899</u>

PEQUANNOCK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 200,710		\$ 200,710	\$ 200,710	
General Supplies	1,100		1,100		\$ 1,100
Total Basic Skills/Remedial - Instruction	<u>201,810</u>		<u>201,810</u>	<u>200,710</u>	<u>1,100</u>
Bilingual Education - Instruction:					
Salaries of Teachers	24,478	\$ 39,531	64,009	64,009	
General Supplies	2,091	(1,841)	250		250
Total Bilingual Education - Instruction	<u>26,569</u>	<u>37,690</u>	<u>64,259</u>	<u>64,009</u>	<u>250</u>
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	182,491	7,545	190,036	187,617	2,419
Purchased Services (300-500 series)	10,636	(976)	9,660	6,973	2,687
Supplies and Materials	80,182	(6,569)	73,613	60,789	12,824
Other Objects	5,304		5,304	1,377	3,927
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>278,613</u>		<u>278,613</u>	<u>256,756</u>	<u>21,857</u>
School-Sponsored Athletics - Instruction:					
Salaries	454,849	50,229	505,078	477,289	27,789
Purchased Services (300-500 series)	141,694	(6,898)	134,796	129,823	4,973
Supplies and Materials	180,771	(21,565)	159,206	111,203	48,003
Other Objects	31,439	19,463	50,902	38,883	12,019
Total School-Sponsored Athletics - Instruction	<u>808,753</u>	<u>41,229</u>	<u>849,982</u>	<u>757,198</u>	<u>92,784</u>
Before/After School Programs - Instruction:					
Salaries of Teachers	25,000		25,000	6,833	18,167
Total Before/after School Programs - Instruction	<u>25,000</u>		<u>25,000</u>	<u>6,833</u>	<u>18,167</u>
Total Before/after School Programs	25,000		25,000	6,833	18,167
TOTAL INSTRUCTION	<u>21,039,067</u>	<u>321,254</u>	<u>21,360,321</u>	<u>19,566,195</u>	<u>1,794,126</u>

PEQUANNOCK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	\$ 240,071		\$ 240,071	\$ 158,542	\$ 81,529
Tuition to County Voc. School Dist.-Regular	554,475		554,475	504,789	49,686
Tuition to County Voc. School Dist.-Special	148,500		148,500	14,628	133,872
Tuition to CSSD & Reg. Day Schools	50,000		50,000		50,000
Tuition to Priv. Sch. for the Handicap. W/I State	1,854,979	\$ (280,558)	1,574,421	562,636	1,011,785
Total Undistributed Expenditures - Instruction	<u>2,848,025</u>	<u>(280,558)</u>	<u>2,567,467</u>	<u>1,240,595</u>	<u>1,326,872</u>
Undistributed Expend. - Attend. & Social Work:					
Salaries	34,652	(1,000)	33,652	33,647	5
Total Undist. Expend. - Attendance and Social Work	<u>34,652</u>	<u>(1,000)</u>	<u>33,652</u>	<u>33,647</u>	<u>5</u>
Undistributed Expenditures - Health Services:					
Salaries	429,303	12,158	441,461	441,135	326
Purchased Professional and Technical Services	18,000	9,880	27,880	19,701	8,179
Supplies and Materials	97,126	(47,996)	49,130	7,485	41,645
Total Undist. Expenditures - Health Services	<u>544,429</u>	<u>(25,958)</u>	<u>518,471</u>	<u>468,321</u>	<u>50,150</u>
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	264,066	23,049	287,115	272,906	14,209
Purchased Professional - Educational Services	388,250	36,789	425,039	406,385	18,654
Supplies and Materials	13,644		13,644	6,053	7,591
Total Undist. Expend. - Speech, OT, PT, Related Svcs	<u>665,960</u>	<u>59,838</u>	<u>725,798</u>	<u>685,344</u>	<u>40,454</u>
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	114,540	86,970	201,510	192,835	8,675
Purchased Professional - Educational Services	208,704	(29,120)	179,584	133,412	46,172
Supplies and Materials	23,693	(15,007)	8,686	2,992	5,694
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	<u>346,937</u>	<u>42,843</u>	<u>389,780</u>	<u>329,239</u>	<u>60,541</u>

PEQUANNOCK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	\$ 717,649	\$ 53,288	\$ 770,937	\$ 751,059	\$ 19,878
Salaries of Secretarial and Clerical Assistants	48,945		48,945	48,945	
Purchased Professional - Educational Services	48,763	(1,729)	47,034	43,159	3,875
Other Purchased Prof. and Tech. Services	43,142	(25,876)	17,266	5,500	11,766
Other Purchased Services (400-500 series)	107,157	(27,892)	79,265	38,947	40,318
Supplies and Materials	4,842		4,842	1,021	3,821
Other Objects	6,160		6,160		6,160
Total Undist Expend. - Guidance	976,658	(2,209)	974,449	888,631	85,818
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	665,404	5,718	671,122	671,063	59
Salaries of Secretarial and Clerical Assistants	51,033		51,033	51,033	
Purchased Professional - Educational Services	30,579	2,029	32,608	20,294	12,314
Other Purchased Prof. and Tech. Services	13,362		13,362	13,163	199
Other Purchased Services (400-500 series)	5,180	(2,029)	3,151	1,148	2,003
Supplies and Materials	24,545		24,545	15,537	9,008
Other Objects	1,300		1,300	375	925
Total Undist Expend. - Child Study Team	791,403	5,718	797,121	772,613	24,508
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	130,000	(165)	129,835	129,835	
Salaries of Other Professional Staff	839,712	15,390	855,102	746,902	108,200
Salaries of Secretarial and Clerical Assistants	71,187	9,905	81,092	71,187	9,905
Other Purchased Prof. and Tech. Services	10,200	(10,200)			
Other Purchased Services (400-500 series)	8,160	(1,207)	6,953	3,500	3,453
Supplies and Materials	15,908	(6,732)	9,176	3,085	6,091
Other Objects	6,160	(1,457)	4,703	30	4,673
Total Undist. Expend. - Improv. of Inst. Serv.	1,081,327	5,534	1,086,861	954,539	132,322

PEQUANNOCK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 358,218	\$ 1,770	\$ 359,988	\$ 359,988	
Salaries of Technology Coordinators	111,500	208	111,708	71,278	\$ 40,430
Purchased Professional and Technical Services	17,884	(978)	16,906	1,364	15,542
Supplies and Materials	37,877		37,877	26,535	11,342
Total Undist Expend.-Edu. Media Serv./Sch. Library	525,479	1,000	526,479	459,165	67,314
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Other Professional Staff	5,305	1,134	6,439	6,439	
Purchased Professional - Educational Service	27,815	(1,134)	26,681	1,333	25,348
Other Purchased Services (400-500 series)	50,171	4,349	54,520	15,259	39,261
Supplies and Materials	10,977		10,977	3,928	7,049
Other Objects	5,010		5,010	279	4,731
Total Undist.Expend.-Instructional Staff Training Services	99,278	4,349	103,627	27,238	76,389
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	299,764		299,764	290,559	9,205
Legal Services	145,000	25,000	170,000	122,582	47,418
Audit Fees	49,500		49,500	48,000	1,500
Architectural/Engineering Services	38,135	50,000	88,135	5,250	82,885
Other Purchased Professional Services	120,621	(81,756)	38,865	600	38,265
Purchased Technical Services	6,565	31,937	38,502	3,761	34,741
Communications / Telephone	232,570	24,082	256,652	40,366	216,286
BOE Other Purchased Services	8,500	(300)	8,200	3,099	5,101
Other Purch. Serv. (400-500 series other than 530 & 585)	138,951	(24,223)	114,728	92,132	22,596
General Supplies	14,326		14,326	7,070	7,256
BOE In-house training/ Meeting Supplies	3,091		3,091		3,091
Judgments Against The School District		80,000	80,000	80,000	
Miscellaneous Expenditures	4,896	2,309	7,205	7,205	
BOE Membership Dues and Fees	18,727		18,727	16,573	2,154
Total Undist. Expend.-Support Serv.-Gen. Admin.	1,080,646	107,049	1,187,695	717,197	470,498

PEQUANNOCK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-School Adm.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 1,053,498	\$ (4,295)	\$ 1,049,203	\$ 1,028,155	\$ 21,048
Salaries of Secretarial and Clerical Assistants	479,092	8,273	487,365	485,948	1,417
Purchased Professional and Technical Services	80,810	44,332	125,142	1,232	123,910
Other Purchased Services (400-500 series)	75,617		75,617	12,524	63,093
Supplies and Materials	48,436	70,425	118,861	23,120	95,741
Other Objects	16,355	2,265	18,620	14,879	3,741
Total Undist. Expend.-Support Serv.-School Adm.	1,753,808	121,000	1,874,808	1,565,858	308,950
Undist. Expend. - Central Services:					
Salaries	451,883	3,932	455,815	455,815	
Purchased Professional Services	12,240		12,240	12,000	240
Purchased Technical Services	119,356	22,892	142,248	32,266	109,982
Miscellaneous Purchased Services (400-500 series other than 594)	12,000	(59)	11,941	2,289	9,652
Supplies and Materials	17,174	(452)	16,722	8,036	8,686
Interest on Lease Purchase Agreements		3,687	3,687	3,687	
Other Objects	1,328		1,328	1,315	13
Total Undist. Expend. - Central Services	613,981	30,000	643,981	515,408	128,573
Undist. Expend. - Admin. Info. Technology:					
Salaries	303,770		303,770	131,616	172,154
Purchased Technical Services	182,650	80,000	262,650	99,210	163,440
Other Purchased Services (400-500 series)	255		255		255
Supplies and Materials	16,831		16,831	4,538	12,293
Total Undist. Expend. - Admin. Info. Technology	503,506	80,000	583,506	235,364	348,142
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	247,128	(29,648)	217,480	190,368	27,112
Cleaning, Repair, and Maintenance Services	445,899		445,899	188,709	257,190
General Supplies	334,909		334,909	115,683	219,226
Other Objects	1,500		1,500		1,500
Total Undist. Expend.- Required Maint. for School Facilities	1,029,436	(29,648)	999,788	494,760	505,028

PEQUANNOCK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 1,037,816	\$ 11,468	\$ 1,049,284	\$ 959,292	\$ 89,992
Salaries of Non-Instructional Aides	60,000	17,000	77,000	76,863	137
Purchased Professional and Technical Services	10,610	(2,800)	7,810	4,222	3,588
Cleaning, Repair, and Maintenance Services	86,222	36,308	122,530	119,394	3,136
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.		12,720	12,720	11,526	1,194
Other Purchased Property Services	194,555	(55,323)	139,232	56,053	83,179
Insurance	220,000	6,000	226,000	226,000	
Miscellaneous Purchased Services	3,126		3,126		3,126
General Supplies	134,727	(9,498)	125,229	53,586	71,643
Energy (Natural Gas)	362,100	(184)	361,916	220,796	141,120
Energy (Electricity)	474,369	(11,950)	462,419	308,300	154,119
Energy (Gasoline)	10,000	9,683	19,683	9,683	10,000
Other Objects	2,500		2,500	442	2,058
Total Undist. Expend.-Custodial Services	<u>2,596,025</u>	<u>13,424</u>	<u>2,609,449</u>	<u>2,046,157</u>	<u>563,292</u>
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	79,109		79,109	65,015	14,094
General Supplies	27,090		27,090	10,801	16,289
Total Care And Upkeep Of Grounds	<u>106,199</u>		<u>106,199</u>	<u>75,816</u>	<u>30,383</u>
Security:					
Salaries	218,078		218,078	208,756	9,322
Purchased Professional and Technical Services	25,000		25,000		25,000
Cleaning, Repair, and Maintenance Services	8,725		8,725	6,863	1,862
General Supplies	38,725	(192)	38,533	31,545	6,988
Other Objects		192	192	192	
Total Security	<u>290,528</u>		<u>290,528</u>	<u>247,356</u>	<u>43,172</u>
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	<u>4,022,188</u>	<u>(16,224)</u>	<u>4,005,964</u>	<u>2,864,089</u>	<u>1,141,875</u>

PEQUANNOCK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	\$ 6,924	\$ 408	\$ 7,332	7,332	
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	132,788	(6,987)	125,801	111,650	\$ 14,151
Sal. for Pupil Trans. (Bet. Home and Sch.)-Spl. Ed.	152,319	(6,463)	145,856	126,590	19,266
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	75,000	6,764	81,764	81,764	
Management Fee - ESC&CTSA Transportation Program	23,000	11,147	34,147	31,932	2,215
Cleaning, Repair, and Maint. Services	56,000	(369)	55,631	24,056	31,575
Lease Purchase Payments - School Buses	39,375		39,375	36,256	3,119
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studs	97,000	(17,000)	80,000	69,364	10,636
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	92,300	(15,000)	77,300	75,393	1,907
Contract. Serv.(Spl. Ed. Students)-Vendors	19,000		19,000	8,138	10,862
Contract. Serv.(Reg. Students)-ESCs & CTSA	68,900	178,794	247,694	247,694	
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	389,000	(6,366)	382,634	279,067	103,567
Misc. Purchased Serv. - Transportation	1,500		1,500	947	553
General Supplies	2,200		2,200	950	1,250
Transportation Supplies	42,300		42,300	35,353	6,947
Other Objects	2,000		2,000	223	1,777
Total Undist. Expend.-Student Trans. Serv.	1,199,606	144,928	1,344,534	1,136,709	207,825
UNALLOCATED BENEFITS					
Social Security Contributions	474,859		474,859	441,497	33,362
Other Retirement Contributions - PERS	425,000		425,000	423,562	1,438
Other Retirement Contributions - ERIP	40,000	(25,000)	15,000		15,000
Other Retirement Contributions - Regular		25,000	25,000	23,869	1,131
Unemployment Compensation	50,000		50,000		50,000
Workers Compensation	226,600		226,600	170,063	56,537
Health Benefits	5,454,455	(682,295)	4,772,160	4,463,221	308,939
Tuition Reimbursement	135,459	(321)	135,138	39,330	95,808
Other Employee Benefits	210,000	1,528	211,528	136,166	75,362
Unused Sick Payment to Terminated/Retired Staff	70,000	143	70,143	60,642	9,501
TOTAL UNALLOCATED BENEFITS	7,086,373	(680,945)	6,405,428	5,758,350	647,078

PEQUANNOCK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			\$ 1,485,453	\$ 1,485,453	\$ (1,485,453)
TPAF Pension Contributions (Non-Budgeted)			6,269,405	6,269,405	(6,269,405)
TPAF Non-Contributory Insurance (Non-Budgeted)			88,453	88,453	(88,453)
TPAF Long-Term Disability Insurance (Non-Budgeted)			2,300	2,300	(2,300)
Reimbursed TPAF Social Security Contributions			1,310,721	1,310,721	(1,310,721)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			<u>9,156,332</u>	<u>9,156,332</u>	<u>(9,156,332)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 7,086,373	\$ (680,945)	\$ 6,405,428	\$ 14,914,682	(8,509,254)
TOTAL UNDISTRIBUTED EXPENDITURES	<u>24,174,256</u>	<u>(404,635)</u>	<u>23,769,621</u>	<u>27,808,639</u>	<u>(4,039,018)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>45,213,323</u>	<u>(83,381)</u>	<u>45,129,942</u>	<u>47,374,834</u>	<u>(2,244,892)</u>
CAPITAL OUTLAY					
Equipment					
Grades 1-5		4,520	4,520	4,520	
Grades 6-8		8,091	8,091	8,091	
Grades 9-12		7,572	7,572	5,248	2,324
Vocational Programs:					
School-Sponsored and Other Instructional Programs		9,000	9,000	8,789	211
Undistributed:					
Undistributed Expenditures - Instruction	3,193	18,388	21,581	15,999	21,581
Undistributed Expenditures - School Admin.	10,753	9,684	20,437	15,999	4,438
Undistributed Expenditures - Admin. Info. Tech.	370,000	(253,327)	116,673	26,727	116,673
Undist. Expend. - Custodial Services	13,771	14,698	28,469	19,348	1,742
Undist. Expend. - Security	45,000	175,680	220,680	19,348	201,332
Undistributed Expenditures - Non-Inst. Serv.		39,075	39,075	9,289	29,786
Total Equipment	<u>442,717</u>	<u>33,381</u>	<u>476,098</u>	<u>98,011</u>	<u>378,087</u>

PEQUANNOCK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Serv.:					
Lease Purchase Agreements - Principal	\$ 118,680	\$ 118,680	\$ 118,680		\$ 118,680
Bldgs. Other than Lease Purchase Agreements	(106,095)				
Assessment for Debt Service on SDA Funding	2,793	2,793	\$ 2,793	\$ 2,793	
Total Facilities Acquisition and Const. Serv.	<u>108,888</u>	<u>12,585</u>	<u>121,473</u>	<u>2,793</u>	<u>118,680</u>
Assets Acquired Under Leases (Non-Budgeted):					
Regular Programs - Instruction				155,090	(155,090)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				<u>155,090</u>	<u>(155,090)</u>
TOTAL CAPITAL OUTLAY	551,605	45,966	597,571	255,894	341,677
TOTAL EXPENDITURES	<u>45,764,928</u>	<u>(37,415)</u>	<u>45,727,513</u>	<u>47,630,728</u>	<u>(1,903,215)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(4,345,517)	50,000	(4,295,517)	3,432,254	7,727,771
Other Financing Sources/(Uses):					
Leases (Non-budgeted)				155,090	155,090
Transfers to Cover Deficit (Enterprise Fund)		(50,000)	(50,000)	(50,000)	-
Capital Reserve - Transfer to Capital Projects Fund	(1,400,000)		(1,400,000)	(1,123,596)	276,404
Capital Reserve - Transfer from Capital Projects Fund - Unexpended Balances	<u>(1,400,000)</u>	<u>(50,000)</u>	<u>(1,450,000)</u>	<u>545,537</u>	<u>545,537</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(5,745,517)</u>		<u>(5,745,517)</u>	<u>2,959,285</u>	<u>8,704,802</u>
Fund Balance, July 1	13,663,935		13,663,935	13,663,935	
Fund Balance, June 30	<u>\$ 7,918,418</u>	<u>\$ -0-</u>	<u>\$ 7,918,418</u>	<u>\$ 16,623,220</u>	<u>\$ 8,704,802</u>

PEQUANNOCK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2023-2024	\$			4,101,146	
Excess Surplus - Restricted For 2022-2023				3,000,000	
Capital Reserve				3,587,857	
Maintenance Reserve				1,365,667	
Unemployment Compensation				705,330	
Assigned Fund Balance:					
Year End Encumbrances				1,094,534	
Designated for Subsequent Year's Expenditures				994,244	
Unassigned Fund Balance				1,774,442	
				16,623,220	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(217,359)	
				\$ 16,405,861	
Fund Balance per Governmental Funds (GAAP)					

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 286,386	\$ 286,386	\$ 282,629	\$ (3,757)
State Sources	\$ 274,106	138,141	412,247	382,629	(29,618)
Federal Sources	733,020	1,102,935	1,835,955	935,654	(900,301)
Total Revenues	1,007,126	1,527,462	2,534,588	1,600,912	(933,676)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	100,000	274,480	374,480	89,604	284,876
Purchased Professional - Educational Services	75,000	227,665	302,665	244,839	57,826
Tuition	300,000	186,045	486,045	486,045	
Other Purchased Services	75,000	50,193	125,193	110,194	14,999
General Supplies	100,000	124,811	224,811	95,810	129,001
Textbooks	20,000	3,348	23,348	23,348	
Total Instruction	670,000	866,542	1,536,542	1,049,840	486,702
Support Services:					
Salaries of Other Professional Staff	75,000	55,000	130,000		130,000
Personal Services - Employee Benefits	82,126	68,788	150,914	27,015	123,899
Purchase Professional - Educational Services	100,000	163,655	263,655	77,188	186,467
Purchased Professional and Technical Services	25,000	30,055	55,055	54,814	241
Other Objects	5,000	2,704	7,704	1,448	6,256
Student Activities		285,247	285,247	285,247	
Scholarships		6,500	6,500	6,500	
Total Support Services	287,126	611,949	899,075	452,212	446,863
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment	50,000	69,997	119,997	119,886	111
Total Facilities Acquisition and Construction Services	50,000	69,997	119,997	119,886	111
Total Expenditures	1,007,126	1,548,488	2,555,614	1,621,938	933,676
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ -0-	\$ (21,026)	\$ (21,026)	\$ (21,026)	\$ -0-

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule Difference - Budget to GAAP:	\$ 51,062,982	\$ 1,600,912
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas GAAP basis does not.		
Current Year Encumbrances		(83,271)
Prior Year Encumbrances		5,285
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes.	211,655	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	(217,359)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 51,057,278	\$ 1,522,926
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule Differences - Budget to GAAP:	\$ 47,630,728	\$ 1,621,938
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		(83,271)
Prior Year Encumbrances		5,285
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 47,630,728	\$ 1,543,952

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, 2022 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). 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).

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, 2022

	IDEA, Part B		ARP IDEA, Part B		Elementary and Secondary Education Act		CRSSA		
	Basic	Preschool	Basic	Preschool	Title I	Title II, Part A	ESSER II	Learning Acceleration	Mental Health
REVENUE:									
Local Sources									
State Sources									
Federal Sources	\$ 530,790	\$ 15,151	\$ 99,185	\$ 9,221	\$ 16,920	\$ 21,454	\$ 146,355	\$ 18,301	\$ 44,759
Total Revenue	530,790	15,151	99,185	9,221	16,920	21,454	146,355	18,301	44,759
EXPENDITURES:									
Instruction:									
Salaries of Teachers					16,920		55,684	17,000	
Purchased Professional - Educational Services			4,988						
Tuition	453,602								
Other Purchased Services			94,197	9,221			17,338		
General Supplies		5,096							
Textbooks									
Total Instruction	453,602	5,096	99,185	9,221	16,920		73,022	17,000	
Support Services:									
Personal Services - Employee Benefits						21,454	4,260	1,301	
Purchased Professional - Educational Services	77,188								
Other Purchased Professional Services		10,055							44,759
Other Objects									
Student Activities									
Scholarships									
Total Support Services	77,188	10,055				21,454	4,260	1,301	44,759
Facilities Acquisition and Construction Services:									
Non-Instructional Equipment							69,073		
Total Facilities Acquisition and Construction Services							69,073		
Total Expenditures	\$ 530,790	\$ 15,151	\$ 99,185	\$ 9,221	\$ 16,920	\$ 21,454	\$ 146,355	\$ 18,301	\$ 44,759

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ARP ESSER III	SDA		Nonpublic		Nonpublic Handicapped Services		Student Activities	Scholarships
		Emergent Capital/ Maintenance	Auxiliary Services Compensatory Education	Exam and Classification	Supplementary Instruction	Corrective Speech			
REVENUE:									
Local Sources		\$ 50,813	\$ 60,914	\$ 67,091	\$ 37,170	\$ 14,322		\$ 270,223	\$ 498
State Sources									
Federal Sources									
Total Revenue	1,075	50,813	60,914	67,091	37,170	14,322		270,223	498
EXPENDITURES:									
Instruction:									
Salaries of Teachers									
Purchased Professional - Educational Services			60,914	67,091	37,170	14,322			
Tuition									
Other Purchased Services									
General Supplies	1,075								
Textbooks									
Total Instruction	1,075		60,914	67,091	37,170	14,322			
Support Services:									
Personal Services - Employee Benefits									
Purchased Professional - Educational Services									
Other Purchased Professional Services								285,247	6,500
Other Objects									
Student Activities									
Scholarships									
Total Support Services								285,247	6,500
Facilities Acquisition and Construction Services:									
Non-Instructional Equipment		50,813							
Total Facilities Acquisition and Construction Services		50,813							
Total Expenditures	1,075	50,813	60,914	67,091	37,170	14,322		285,247	6,500

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Local Grants	Nonpublic Technology	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Security	ASCERS Tuition	Totals
REVENUE:							
Local Sources	\$ 11,908						\$ 282,629
State Sources		\$ 16,338	\$ 44,016	\$ 23,348	\$ 68,617		382,629
Federal Sources						\$ 32,443	935,654
Total Revenue	11,908	16,338	44,016	23,348	68,617	32,443	1,600,912
EXPENDITURES:							
Instruction:							
Salaries of Teachers							89,604
Purchased Professional - Educational Services		16,338	44,016				244,839
Tuition						32,443	486,045
Other Purchased Services	6,776				68,617		110,194
General Supplies	3,684						95,810
Textbooks				23,348			23,348
Total Instruction	10,460	16,338	44,016	23,348	68,617	32,443	1,049,840
Support Services:							
Personal Services - Employee Benefits							27,015
Purchased Professional - Educational Services							77,188
Other Purchased Professional Services							54,814
Other Objects	1,448						1,448
Student Activities							285,247
Scholarships							6,500
Total Support Services	1,448						452,212
Facilities Acquisition and Construction Services:							
Non-Instructional Equipment							119,886
Total Facilities Acquisition and Construction Services							119,886
Total Expenditures	\$ 11,908	\$ 16,338	\$ 44,016	\$ 23,348	\$ 68,617	\$ 32,443	\$ 1,621,938

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, 2022

Revenue and Other Financing Sources:	
Transfer from General Fund - Capital Reserve	<u>\$ 1,123,596</u>
Total Revenue and Other Financing Sources	<u>1,123,596</u>
Expenditures and Other Financing Uses:	
Legal Services	38,101
Purchased Professional and Technical Services	248,469
Construction Services	2,786,767
Equipment Purchases	20,039
Transfers Out:	
Transfer to General Fund - Capital Reserve - Unexpended Project Balances	<u>545,537</u>
Total Expenditures	<u>3,638,913</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	(2,515,317)
Fund Balance - Beginning	<u>8,062,572</u>
Fund Balance - Ending	<u><u>\$ 5,547,255</u></u>
<u>Recapitulation:</u>	
Fund Balance - Committed (Budgetary)	\$ 5,547,255
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>\$ 3,210,509</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, 2022

	<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
Total Revenue and Other Financing Sources	<u>1,272,200</u>		<u>1,272,200</u>	<u>1,272,200</u>
Expenditures:				
Purchased Professional & Technical Services	64,982		64,982	200,200
Construction Services	619,360		619,360	1,072,000
Total Expenditures	<u>684,342</u>		<u>684,342</u>	<u>1,272,200</u>
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, 2022

	<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
Total Revenue and Other Financing Sources	<u>1,208,482</u>		<u>1,208,482</u>	<u>1,208,482</u>
Expenditures:				
Purchased Professional & Technical Services	78,998		78,998	169,482
Construction Services	661,320		661,320	1,039,000
Total Expenditures	<u>740,318</u>		<u>740,318</u>	<u>1,208,482</u>
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, 2022

	<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	1,134,250		1,134,250	1,334,250
Expenditures:				
Purchased Professional & Technical Services	25,885		25,885	176,750
Construction Services	357,919		357,919	1,157,500
Total Expenditures	383,804		383,804	1,334,250
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, 2022

	<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
Total Revenue and Other Financing Sources	789,919		789,919	789,919
Expenditures:				
Purchased Professional & Technical Services	57,718		57,718	57,719
Construction Services	700,309		700,309	732,200
Total Expenditures	758,027		758,027	789,919
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ 31,892	\$ - 0 -	\$ 31,892	\$ - 0 -

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, 2022

	Prior Periods	Current Year	Totals	Project Authorization
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
Total Revenue and Other Financing Sources	1,731,013		1,731,013	1,731,013
Expenditures:				
Purchased Professional & Technical Services	98,942		98,942	216,813
Construction Services	1,310,179		1,310,179	1,514,200
Total Expenditures	1,409,121		1,409,121	1,731,013
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ 321,892	\$ - 0 -	\$ 321,892	\$ - 0 -

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, 2022

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

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	100.00%
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, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Financed Purchase Proceeds	\$ 5,225,698		\$5,225,698	\$ 5,225,698
Transfer from Capital Reserve		\$ 60,000	60,000	60,000
Total Revenue and Other Financing Sources	5,225,698	60,000	5,285,698	5,285,698
Expenditures:				
Legal Services		33,258	33,258	33,258
Purchased Professional & Technical Services	15,000	225,943	240,943	240,943
Construction Services	1,198,066	1,227,161	2,425,227	5,011,497
Total Expenditures	1,213,066	1,486,362	2,699,428	5,285,698
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ 4,012,632	\$ (1,426,362)	\$2,586,270	\$ - 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
Change Orders	\$ 60,000
Revised Authorized Cost	\$ 5,285,698
Percentage Completion	51.07%
Original Target Completion Date	9/30/2022

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, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 2,019,826	\$ (545,537)	\$ 1,474,289	\$ 1,474,289
Total Revenue and Other Financing Sources	<u>2,019,826</u>	<u>(545,537)</u>	<u>1,474,289</u>	<u>1,474,289</u>
Expenditures and Other Financing Uses:				
Legal Services		3,333	3,333	3,333
Purchased Professional & Technical Services	7,679	16,611	24,290	24,290
Construction Services	142,498	1,304,168	1,446,666	1,446,666
Total Expenditures and Other Financing Uses	<u>150,177</u>	<u>1,324,112</u>	<u>1,474,289</u>	<u>1,474,289</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 1,869,649</u>	<u>\$ (1,869,649)</u>	<u>\$ -0-</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
Bonds Issued	N/A
Original Authorized Cost	\$ 2,019,826
Change Orders	(545,537)
Revised Authorized Cost	1,474,289
Change Order Percentage	-27.01%
Percentage Completion	100.00%
Original Target Completion Date	9/30/2021
Revised Target Completion Date	6/30/2022

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS 2022 PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 1,063,596	\$ 1,063,596	\$ 1,340,000
Total Revenue and Other Financing Sources		1,063,596	1,063,596	1,340,000
Expenditures:				
Legal Services		1,510	1,510	1,510
Purchased Professional & Technical Services		5,915	5,915	16,900
Construction Services		255,438	255,438	1,321,590
Total Expenditures		262,863	262,863	1,340,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 800,733	\$ 800,733	\$ -0-

Additional Project Information:

Project Number(s)	N/A
Grant Date	N/A
Bonds/Notes Authorization Date	N/A
Bonds/ Notes Authorized	N/A
Bonds/Notes Issued	N/A
Original Authorized Cost	\$1,340,000
Percentage Completion	19.62%
Original Target Completion Date	9/30/2022

PROPRIETARY FUNDS

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 13,123
Interfund Receivable - General Fund	40,000
Inventory	8,876
Total Current Assets	61,999
Non-Current Assets:	
Capital Assets	171,426
Less: Accumulated Depreciation	(126,772)
Total Non-Current Assets	44,654
Total Assets	106,653
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	14,326
Accounts Payable - Vendors	55,654
Total Liabilities	69,980
NET POSITION:	
Investment in Capital Assets	44,654
Unrestricted/(Deficit)	(7,981)
Total Net Position	\$ 36,673

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating Revenue:	<u>Food Service</u>
Local Sources:	
Daily Sales - Nonreimbursable Programs	\$ 900,214
Total Operating Revenue	<u>900,214</u>
Operating Expenses:	
Cost of Sales - Nonreimbursable Programs	427,740
Salaries	277,894
Payroll Taxes	41,289
Employee Benefits	18,578
Management Fee	69,488
Supplies and Materials	52,338
Depreciation Expense	8,674
Miscellaneous Expenses	59,219
Total Operating Expenses	<u>955,220</u>
Operating (Loss)	<u>(55,006)</u>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	201
Total Non-Operating Revenue	<u>201</u>
Change in Net Position Before Transfer	(54,805)
Transfer - General Fund	<u>50,000</u>
Change in Net Assets After Transfer	(4,805)
Net Position - Beginning of Year	<u>41,478</u>
Net Position - End of Year	<u>\$ 36,673</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 894,976
Payments to Food Service Vendors	(897,559)
	(2,583)
Net Cash Provided by/(Used for) used for Operating Activities	
Cash Flows from Investing Activities:	
Interest Revenue	201
	201
Net Cash Provided by/(Used for) Investing Activities	
Cash Flows from Noncapital Financing Activities:	
Transfer - Board Contribution	10,000
	10,000
Net Cash Provided by Noncapital Financing Activities	
	10,000
Net Increase/(Decrease) in Cash and Cash Equivalents	7,618
Cash and Cash Equivalents, July 1	5,505
	5,505
Cash and Cash Equivalents, June 30	\$ 13,123
Reconciliation of Operating Loss to Net Cash	
Provided by/(Used for) Operating Activities:	
Operating (Loss)	\$ (55,006)
Adjustment to Reconcile Operating Loss to Cash	
Provided by / (Used for) Operating Activities:	
Depreciation	8,674
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	46,831
Increase/(Decrease) in Prepaid Sales	(5,238)
Decrease/(Increase) in Inventory	2,156
	2,156
Net Cash Provided by/(Used for) Operating Activities	\$ (2,583)

**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			Matured	Balance June 30, 2022	
			Outstanding		Interest Rate			
			Date	Amount				Balance July 1, 2021
School Renovation Project	8/29/2013	\$ 3,350,000	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%		\$ 2,320,000	
Refunding Bonds	2/25/2016	9,025,000	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%		6,885,000	
						\$ 9,205,000	\$ 210,000	\$ 8,250,000

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Purpose	Date of Issue	Original Issue	Interest Rate	Balance	
				July 1, 2021	June 30, 2022
Bus and Maintenance Vehicle	6/4/2020	\$ 250,000	1.86%	\$ 198,594	\$ 150,307
Energy Savings Improvement Plan	5/12/2021	5,225,698	1.83%	5,225,698	5,225,698
				<u>\$ 5,424,292</u>	<u>\$ 5,376,005</u>

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Purpose	Date of Issue	Original Issue	Interest Rate	Balance July 1, 2021	Issued	Matured	Balance June 30, 2022
Copier Lease	9/9/2021	\$ 155,090	3.10%	\$	\$ 155,090	\$ 24,268	\$ 130,822
				\$ -0-	\$ 155,090	\$ 24,268	\$ 130,822

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 960,670		\$ 960,670	\$ 960,670	
State Sources:					
Debt Service Aid Type II	343,380		343,380	343,380	
Total Revenues	1,304,050		1,304,050	1,304,050	
EXPENDITURES:					
Regular Debt Service:					
Interest and Other Charges	349,050		349,050	349,050	
Redemption of Principal	955,000		955,000	955,000	
Total Regular Debt Service	1,304,050		1,304,050	1,304,050	
Total Expenditures	1,304,050		1,304,050	1,304,050	
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

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity 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
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information 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,				
	2013	2014	2015	2016	2017
Governmental Activities:					
Net Investment in Capital Assets	\$ 11,779,227	\$ 10,897,989	\$ 15,002,450	\$ 19,449,441	\$ 15,601,657
Restricted	6,678,692	9,175,464	6,680,364	4,808,520	6,023,368
Unrestricted/(Deficit)	48,615	(8,832,048)	(9,700,752)	(8,036,597)	(10,039,782)
Total Governmental Activities Net Position	<u>\$ 18,506,534</u>	<u>\$ 11,241,405</u>	<u>\$ 11,982,062</u>	<u>\$ 16,221,364</u>	<u>\$ 11,585,243</u>
Business-type Activities:					
Investment in Capital Assets	\$ 2,667	\$ 15,429	\$ 11,678	\$ 22,579	\$ 22,059
Unrestricted/(Deficit)	62,735	24,308	57,625	49,483	55,770
Total Business-type Activities Net Position	<u>\$ 65,402</u>	<u>\$ 39,737</u>	<u>\$ 69,303</u>	<u>\$ 72,062</u>	<u>\$ 77,829</u>
District-wide:					
Net Investment in Capital Assets	\$ 11,781,894	\$ 10,913,418	\$ 15,014,128	\$ 19,472,020	\$ 15,623,716
Restricted	6,678,692	9,175,464	6,680,364	4,808,520	6,023,368
Unrestricted/(Deficit)	111,350	(8,807,740)	(9,643,127)	(7,987,114)	(9,984,012)
Total District-wide Net Position	<u>\$ 18,571,936</u>	<u>\$ 11,281,142</u>	<u>\$ 12,051,365</u>	<u>\$ 16,293,426</u>	<u>\$ 11,663,072</u>

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

	June 30,			
	2018	2019	2020	2021
	2018	2019	2020	2021
Governmental Activities:				
Net Investment in Capital Assets	\$ 16,691,630	\$ 17,708,038	\$ 17,753,408	\$ 13,280,445
Restricted	5,923,057	6,221,057	9,942,765	10,458,882
Unrestricted/(Deficit)	(9,801,768)	(9,487,392)	(8,594,626)	(1,023,023)
Total Governmental Activities Net Position	<u>\$ 12,812,919</u>	<u>\$ 14,441,703</u>	<u>\$ 19,101,547</u>	<u>\$ 22,716,304</u>
Business-type Activities:				
Investment in Capital Assets	\$ 38,332	\$ 38,520	\$ 61,826	\$ 53,328
Unrestricted/(Deficit)	30,286	23,068	1,199	(11,850)
Total Business-type Activities Net Position	<u>\$ 68,618</u>	<u>\$ 61,588</u>	<u>\$ 63,025</u>	<u>\$ 41,478</u>
District-wide:				
Net Investment in Capital Assets	\$ 16,729,962	\$ 17,746,558	\$ 17,815,234	\$ 13,333,773
Restricted	5,923,057	6,221,057	9,942,765	10,458,882
Unrestricted/(Deficit)	(9,771,482)	(9,464,324)	(8,593,427)	(1,034,873)
Total District-wide Net Position	<u>\$ 12,881,537</u>	<u>\$ 14,503,291</u>	<u>\$ 19,164,572</u>	<u>\$ 22,757,782</u>
	<u>\$ 15,645,282</u>	<u>\$ 13,079,813</u>	<u>\$ 13,079,813</u>	<u>\$ 1,828,764</u>
	<u>\$ 26,896,331</u>	<u>\$ 26,896,331</u>	<u>\$ 26,896,331</u>	<u>\$ 26,896,331</u>
	<u>\$ 44,654</u>	<u>\$ (7,981)</u>	<u>\$ 36,673</u>	<u>\$ 15,689,936</u>
	<u>\$ 13,333,773</u>	<u>\$ 10,458,882</u>	<u>\$ 10,458,882</u>	<u>\$ 1,836,745</u>
	<u>\$ 26,933,004</u>	<u>\$ 26,933,004</u>	<u>\$ 26,933,004</u>	<u>\$ 26,933,004</u>

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 21,184,960
Special Education	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	6,823,620
Other Special Instruction	337,613	335,517	635,573	712,544	471,048	402,146	390,077	343,130	395,214	420,202
School Sponsored Instruction	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	1,415,332
Support Services:										
Tuition	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	1,726,640
Student & Instruction Related Services	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	6,470,641
General Administration Services	809,157	794,428	707,109	639,725	623,713	684,108	833,062	842,367	745,278	832,591
School Administration Services	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	2,580,101
Central Services	532,573	507,535	526,938	508,638	594,207	594,457	603,736	598,104	622,960	681,050
Administrative Information Technology	242,416	243,475	52,889	83,497	326,248	311,476	304,293	315,399	360,809	285,618
Plant Operations and Maintenance	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	3,989,518
Pupil Transportation	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	1,617,335
Interest on Long-term Debt	532,914	504,650	653,130	360,486	556,024	406,202	378,575	354,143	325,606	291,254
Capital Outlay		2,793	2,587							
Total Governmental Activities Expenses	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	48,318,862
Business-type Activities:										
Food Service	667,338	712,616	630,439	615,384	691,714	798,574	820,867	598,961	87,050	955,220
Total Business-type Activities Expenses	667,338	712,616	630,439	615,384	691,714	798,574	820,867	598,961	87,050	955,220
Total District-wide Expenses	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	49,274,082
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	282,211	403,512	306,786	313,874	331,675	416,809	321,868	775,009	1,059,723	1,207,780
Student Activities									172,224	270,721
Pupil Transportation	25,755	22,073	13,505	19,004	30,326					
Operating Grants and Contributions	5,713,196	6,037,351	5,680,108	10,037,487	11,190,927	14,436,463	16,107,937	11,224,639	12,542,338	11,224,716
Total Governmental Activities Program Revenues	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	12,703,217

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenues:										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 586,355	\$ 579,114	\$ 553,402	\$ 538,728	\$ 695,172	\$ 768,387	\$ 789,893	\$ 569,464	\$ 5,491	\$ 900,214
Operating Grants and Contributions	100,690	107,539	106,463	79,101	1,704	19,869	21,944			
Total Business-type Activities Program Revenues	687,045	686,653	659,865	617,829	696,876	788,256	811,837	569,464	5,491	900,214
Total District-wide Program Revenues	6,708,207	7,169,589	6,660,264	10,988,194	12,249,804	15,641,528	17,241,642	12,569,112	13,779,776	13,603,431
Net (Expense)/Revenue:										
Governmental Activities	(32,147,309)	(31,832,380)	(37,758,289)	(33,745,354)	(37,381,108)	(36,442,024)	(32,156,229)	(33,654,174)	(35,060,371)	(35,615,645)
Business-Type Activities	19,707	(25,963)	29,426	2,445	5,162	(10,318)	(9,030)	(29,497)	(81,559)	(55,006)
Total District-wide Net (Expense)/Revenue	(32,127,602)	(31,858,343)	(37,728,863)	(33,742,909)	(37,375,946)	(36,452,342)	(32,165,259)	(33,683,671)	(35,141,930)	(35,670,651)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	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	37,136,537
Taxes Levied for Debt Service	714,845	730,986	874,265	820,694	795,800	827,445	939,888	947,329	957,815	960,670
Unrestricted Grants and Contributions	1,055,622	1,107,834	1,088,258	1,132,036	1,148,700	892,436	983,314	961,569	985,413	1,092,835
Investment Earnings	10,888	19,133	8,306	19,223	9,715	13,828	16,826	11,819	5,957	5,885
Miscellaneous Income	289,936	610,611	446,994	415,703	258,167	410,646	474,262	470,984	377,573	649,745
Transfers									(60,000)	(50,000)
Total Governmental Activities General Revenues & Other Changes in Net Position	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	39,795,672
Business-type Activities:										
Investment Earnings	232	298	140	314	605	1,107	2,000	1,188	12	201
Transfers									60,000	50,000
Total Business-type Activities General Revenues & Other Changes in Net Position	232	298	140	314	605	1,107	2,000	1,188	60,012	50,201
Total District-wide General Revenues & Other Changes in Net Position	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	39,845,873
Change in Net Position:										
Governmental Activities	845,664	1,786,633	(3,629,309)	924,260	(2,029,403)	(761,188)	5,252,649	4,432,007	3,614,757	4,180,027
Business-type Activities	19,939	(25,665)	29,566	2,759	5,767	(9,211)	(7,030)	(28,309)	(21,547)	(4,805)
Total Districtwide Change in Net Position	\$ 865,603	\$ 1,760,968	\$ (3,599,743)	\$ 927,019	\$ (2,023,636)	\$ (770,399)	\$ 5,245,619	\$ 4,403,698	\$ 3,593,210	\$ 4,175,222

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Restricted	\$ 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	\$ 12,760,000
Assigned	1,780,852	928,189	411,086	698,570	520,960	848,855	953,613	1,534,760	1,698,217	2,088,778
Unassigned	744,819	614,034	548,804	526,287	492,833	579,514	574,648	554,389	1,636,020	1,557,083
Total General Fund	\$ 6,306,570	\$ 7,229,970	\$ 7,134,178	\$ 6,363,124	\$ 5,556,644	\$ 7,031,264	\$ 7,346,703	\$ 7,749,318	\$ 13,452,280	\$ 16,405,861
Other Governmental Funds:										
Restricted	\$ 1,974,393	\$ 3,583,479	\$ 1,277,130	\$ 476,733	\$ 5,897	\$ 4,723		\$ 355,594	\$ 340,839	\$ 319,813
Committed		42,947								
Unassigned/(Deficit)	(2,000,000)	(1,440,000)	(1,707,875)	913,054	(30,018)	(50,566)		73,506	5,725,826	3,210,509
Total Other Governmental Funds	\$ (25,607)	\$ 2,186,426	\$ (430,745)	\$ 1,389,787	\$ (24,121)	\$ (45,843)	\$ 536,435	\$ 429,100	\$ 6,066,665	\$ 3,530,322
Total Governmental Funds:										
Restricted	\$ 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	\$ 13,079,813
Committed		42,947					536,435	73,506	5,725,826	3,210,509
Assigned	1,780,852	928,189	411,086	698,570	520,960	848,855	953,613	1,534,760	1,698,217	2,088,778
Unassigned/(Deficit)	(1,255,181)	(825,966)	(1,159,071)	1,439,341	462,815	528,948	574,648	554,389	1,636,020	1,557,083
Total Governmental Funds	\$ 7,204,363	\$ 9,320,604	\$ 5,932,379	\$ 6,946,431	\$ 7,007,143	\$ 7,300,860	\$ 8,285,753	\$ 12,031,914	\$ 19,518,945	\$ 19,936,183

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Tax Levy	\$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	\$38,097,207
Tuition Charges	403,512	306,786	313,874	331,675	416,809	287,799	355,591	775,009	1,059,723	1,207,780
Transportation Fees	22,073	13,505	19,004	30,326						
Interest Earnings	10,888	19,133	2,480	19,223	9,715	13,828	16,826	11,819	5,957	5,885
Budget Appropriation		560,000	615,000	625,000	200,000					
Miscellaneous	292,215	612,171	458,854	415,703	262,431	414,812	475,066	480,675	552,597	937,154
State Sources	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	12,780,449
Federal Sources	578,380	584,739	603,845	591,506	576,073	552,856	604,640	576,508	728,048	855,779
Total Revenues	39,475,909	40,179,412	41,042,488	42,024,718	42,906,081	38,299,039	46,299,598	47,715,044	50,503,796	53,884,254
Expenditures:										
Instruction:										
Regular Instruction	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	14,066,615
Special Education	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	4,860,348
Other Special Instruction	213,635	207,555	213,033	216,700	221,804	198,468	198,468	189,263	217,567	264,719
School Sponsored Instruction	652,332	717,004	756,647	771,571	832,795	813,511	813,510	844,608	856,950	1,020,787
Support Services:										
Tuition	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	1,726,640
Student/Instruction-related Serv.	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	4,910,484
General Administration	725,016	696,628	607,792	536,175	528,380	727,925	727,925	739,721	639,793	717,197
School Administration	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	1,565,858
Central Services	432,548	403,781	416,117	401,429	470,613	472,768	472,768	471,606	496,671	515,408
Administrative Info. Technology	191,793	197,617	52,889	81,672	274,972	247,118	247,119	259,496	245,722	235,364
Plant Operations/Maintenance	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	2,864,089
Pupil Transportation	758,934	881,959	922,299	986,734	982,248	959,888	959,888	971,210	854,783	1,136,709

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	2020	2021	2022
Expenditures:										
Support Services:										
Allocated Benefits										
Unallocated Benefits	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	\$14,914,682
Capital Outlay	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	3,469,156
Debt Service:										
Principal	575,000	1,160,000	1,235,000	1,415,000	1,050,000	845,000	860,000	885,000	920,000	955,000
Interest & Other Charges	538,412	514,275	634,820	566,950	452,231	462,075	431,475	407,325	382,475	349,050
Total Expenditures	38,599,146	41,413,171	44,430,713	41,010,666	42,845,369	40,960,988	45,314,705	45,129,483	48,182,463	53,572,106
Other Financing Sources (Uses):										
Refunding Bonds Issued					9,025,000			250,000	5,225,698	155,090
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	183,956	45,918	780,928	1,736,403	3,330,065	932,208	1,767,384	998,385		
Transfers Out	(183,956)	(45,918)	(780,928)	(1,736,403)	(3,330,065)	(932,208)	647,187	(998,385)	(60,000)	(50,000)
Total Other Financing Sources/(Uses)			3,350,000		(779,617)		2,414,571		5,165,698	105,090
Net Change in Fund Balances	\$ 876,763	\$ (1,233,759)	\$ (38,225)	\$ 1,014,052	\$ (718,905)	\$ (2,661,949)	\$ 3,399,464	\$ 2,585,561	\$ 7,487,031	\$ 417,238
Debt Service as a Percentage of										
Noncapital Expenditures	2.94%	4.33%	4.70%	4.93%	3.69%	3.46%	2.98%	2.99%	2.80%	2.60%

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>
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
2022	44,072		1,207,780	86,532	525,026	1,863,410

* - 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 ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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	\$ -	\$ 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	-	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	-	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
2021	13,703,900	1,786,362,900	10,873,500	101,500	250,073,500	56,845,400	245,016,500	2,362,977,200	100	2,362,977,300	211,874,900	1.60	2,904,422,811

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.

^a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

^b - 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 ^a	General Obligation Debt Service ^b	Total Direct	Pequannock Township	Morris County	
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
2021	1.56	0.04	1.60	0.59	0.32	2.50

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.

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

^b - Rates for debt service are based on each year's requirements.

Source: Pequannock Township Tax Collector and School Business Administrator.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2022				2012			
	Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Valuation Taxable	Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Valuation Taxable
Point View Campus LLC	\$ 241,500,000	1	10.22%	Point View Campus LLC	\$ 358,026,000	1	12.40%	
Plaza Twenty Three Station LLC	30,000,000	2	1.27%	Plaza 23 Associates	24,446,100	2	0.85%	
ABN Realty	19,500,000	3	0.83%	West End Road Associates	7,280,000	3	0.25%	
West End Road Associates	7,280,000	4	0.31%	New EKC Corporation	6,633,400	4	0.23%	
Perrin Associates	7,196,500	5	0.30%	Adjess Associates	6,224,900	5	0.22%	
New EKC Corp	6,633,400	6	0.28%	Pequannock Joint Venture	5,856,500	6	0.20%	
Balaji LLC	6,530,400	7	0.28%	Perrin Associates LLC	5,751,000	7	0.20%	
Pompton Realty	6,224,900	8	0.26%	Romont Corporate	5,027,000	8	0.17%	
Pequannock Joint Venture	5,856,500	9	0.25%	Panraq Associates	4,650,500	9	0.16%	
Romont Corporation	5,027,000	10	0.21%	Adventure Holdings	4,596,000	10	0.16%	
Total	<u>\$ 335,748,700</u>		<u>12.18%</u>		<u>\$ 428,491,400</u>		<u>14.84%</u>	

NOTE: Revaluation of the Township's real property was effective in 2012.

Source: Pequannock Township Tax Assessor.

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		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2022	38,097,207	36,549,852	95.94%	1,547,355

^a - 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	
	General Obligation Bonds	Leases	Bond Anticipation Notes	Financed Purchases	Total District	Personal Income ^a	Per Capita ^a		
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%	1,086.82		
2015	14,790,000	-0-	825,000	-0-	15,615,000	1.20%	1,012.65		
2016	13,565,000	-0-	200,000	-0-	13,765,000	1.02%	897.27		
2017	12,715,000	-0-	-0-	-0-	12,715,000	0.91%	832.30		
2018	11,870,000	-0-	-0-	-0-	11,870,000	0.83%	779.54		
2019	11,010,000	-0-	-0-	-0-	11,010,000	0.75%	727.65		
2020	10,125,000	-0-	-0-	250,000	10,375,000	0.70%	693.75		
2021	9,205,000	-0-	-0-	5,424,292	14,629,292	0.96%	982.89		
2022	8,250,000	130,822	-0-	5,376,005	13,756,827	0.87%	884.57		

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

^a - 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 ^a	Per Capita ^b
	General Obligation Bonds	Bond Anticipation Notes	Deductions	Net General Bonded Debt Outstanding		
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%	1,086.82
2015	14,790,000	825,000	-0-	15,615,000	0.646%	1,012.65
2016	13,565,000	200,000	-0-	13,765,000	0.569%	897.27
2017	12,715,000	-0-	-0-	12,715,000	0.512%	832.30
2018	11,870,000	-0-	-0-	11,870,000	0.487%	779.54
2019	11,010,000	-0-	-0-	11,010,000	0.458%	727.65
2020	10,125,000	-0-	-0-	10,125,000	0.424%	677.03
2021	9,205,000	-0-	-0-	9,205,000	0.392%	618.45
2022	8,250,000	-0-	-0-	8,250,000	0.349%	530.48

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

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

^b - 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, 2021
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Pequannock Township	\$ 1,568,401	100.00%	\$ 1,568,401
Morris County General Obligation Debt	235,030,042	2.75%	<u>6,470,770</u>
Subtotal Overlapping Debt			8,039,171
Pequannock Township School District Direct Debt			<u>8,995,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 17,034,171</u></u>

^a 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				
	2013	2014	2015	2016	2017
Debt Limit	\$ 106,140,352	\$ 102,652,324	\$ 100,339,682	\$ 101,819,326	\$ 103,833,439
Total Net Debt Applicable to Limit	14,660,000	16,850,000	15,615,000	13,765,000	12,715,000
Legal Debt Margin	<u>\$ 98,804,702</u>	<u>\$ 85,802,324</u>	<u>\$ 84,724,682</u>	<u>\$ 88,054,326</u>	<u>\$ 91,118,439</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.81%	16.41%	15.56%	13.52%	12.25%

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt Limit	\$ 105,628,538	\$ 108,257,283	\$ 111,329,087	\$ 113,715,019	\$ 116,593,461
Total Net Debt Applicable to Limit	11,870,000	11,010,000	10,125,000	9,205,000	8,995,000
Legal Debt Margin	<u>\$ 93,758,538</u>	<u>\$ 97,247,283</u>	<u>\$ 101,204,087</u>	<u>\$ 104,510,019</u>	<u>\$ 107,598,461</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.24%	10.17%	9.09%	9.09%	7.71%

Legal Debt Margin Calculation for Fiscal Year 2022

	Year Ended December 31,	Equalized Valuation Basis
	2019	\$ 2,865,986,188
	2020	2,882,862,627
	2021	2,995,660,751
		<u>\$ 8,744,509,566</u>
Average Equalized Valuation of Taxable Property		<u>\$ 2,914,836,522</u>
Debt Limit (4% of Average Equalization Value) ^a		\$ 116,593,461
Net Bonded School Debt		<u>8,995,000</u>
Legal Debt Margin		<u>\$ 107,598,461</u>

^a - 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 ^a	Morris County Per Capita Personal Income ^b	Township Personal Income ^c	Township Unemployment Rate ^d
2013	15,504	\$ 81,026	\$ 1,256,227,104	5.60%
2014	15,420	84,287	1,299,705,540	5.10%
2015	15,341	88,298	1,354,579,618	4.50%
2016	15,277	91,252	1,394,056,804	4.10%
2017	15,227	93,544	1,424,394,488	4.00%
2018	15,131	97,244	1,471,398,964	3.40%
2019	14,955	99,140	1,482,638,700	2.80%
2020	14,884	102,227	1,521,546,668	8.00%
2021	15,552	102,227 *	1,589,834,304	5.10%
2022	15,552 **	102,227 *	1,589,834,304	N/A

* - Latest Morris County per capita personal income available (2020) was used for calculation purposes.

** - Latest Pequannock Township population available (2021) was used for calculation purposes.

N/A - Not Available

Source:

- ^a - Population information provided by the US Department of Census - Population Division.
- ^b - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- ^c - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- ^d - 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

	2022		2013			
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System		10,516	4.00%	Novartis	6,200	N/A
US Army Armament R&D		6,000	2.28%	Picatinny Arsenal	5,841	N/A
Novartis		5,200	1.98%	Atlantic Health System	5,576	N/A
Bayer		3,483	1.33%	ADP	1,947	N/A
Barclays		3,000	1.14%	County of Morris	1,838	N/A
Automatic Data Processing, Inc.		2,200	0.84%	Saint Clare's	1,662	N/A
Accenture		2,009	0.76%	Wyndham Worldwide Corporation	1,546	N/A
Deloitte & Touche		1,492	0.57%	BASF Corporation	1,500	N/A
St. Clare's Health System		1,491	0.57%	Accenture	1,498	N/A
County of Morris		1,438	0.55%	Chilton Memorial	1,440	N/A
Total		<u>36,829</u>	<u>14.02%</u>		<u>29,048</u>	
Total County Labor Force		<u>262,719</u>			<u>N/A</u>	

N/A - Total amount of Employment is not available in order to do the percentage calculation

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>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>	<u>2022</u>
Instruction:										
Regular	161.69	158.50	150.90	147.30	144.70	146.10	144.70	147.50	148.55	148.15
Special Education	62.30	65.50	67.60	70.00	73.10	72.13	68.20	68.80	67.60	63.74
Support Services:										
Student/Instruction-Related	47.56	39.90	47.20	48.80	49.38	50.98	51.90	59.70	48.71	55.90
General Administration	3.00	3.00	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50
School Administration	19.00	16.50	17.00	17.00	16.00	15.68	20.46	21.40	24.22	21.40
Plant Operations/Maintenance	22.00	21.00	21.00	23.00	23.00	24.00	25.80	26.80	26.50	28.70
Pupil Transportation	3.97	4.70	5.00	6.20	6.00	6.00	6.00	6.00	5.00	5.50
Business & Other Support	7.00	8.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	326.52	317.10	316.70	320.30	319.68	322.39	324.56	337.70	328.08	330.89

Source: Pequannock Township School District Personnel Records.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Costs Per Pupil ^b	% Change	Teaching Staff ^c	Pupil/Teacher Ratio					Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary								
						Hillview	North Boulevard	Stephen J. Gerace	Middle School	High School				
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	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	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	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	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	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	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	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	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	2,047	1,994	-0.10%	97.41%
2022	2,114	48,798,900	23083.68	5.35%	220	11.3:1	9.1:1	11.3:1	9.5:1	8.7:1	2,087	1,972	1.95%	94.49%

Note: Enrollment based on annual October District count.

^a - Operating expenditures equal total expenditures less debt service and capital outlay.

^b - 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.

^c - Teaching staff includes only full-time equivalents of certificated staff.

^d - 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>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	351	349	349	302	296	314	290	307	313	304
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	307	305	305	327	328	351	340	318	303	325
Stephen J. Gerace School (1969):										
Square Feet	34,834	34,834	34,834	34,834	34,834	44,350	44,350	44,350	44,350	44,350
Capacity (Students)	278	278	278	278	278	357	357	357	357	357
Enrollment	285	291	291	281	298	286	312	293	278	317
Pequannock 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	557	557	557	536	513	481	459	463	476	477
Pequannock 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	749	739	739	719	703	698	702	677	693	691
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, 2022:

- 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*
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
2022	55,934	57,482	59,683	116,370	205,292	494,760

* - 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, 2022
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
National Union Fire Insurance Company Package Policy		
Property – Blanket Building & Contents	\$ 73,195,525	\$ 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	100,000
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
Greenwich Insurance Company		
School Board Legal Liability:		
Educators Errors and Omissions Liability	1,000,000	15,000
Employment Practices Liability	1,000,000	40,000
Policy Aggregate	1,000,000	
National Union Fire		
Blanket Crime	500,000	
SELECTIVE Ins. Co. Public Officials Bonds		
Treasurer	275,000	
Board Secretary/Business Administrator	275,000	
Evanston/Markel		
Environmental Impairment Liability - Public/Education Entity Pollution Liability		
Each occurrence	1,000,000	25,000
Fund Aggregate	10,000,000	

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Excess Liability (not shared) Hudson/Allied World/Evanston		
Each occurrence	\$ 30,000,000	
Aggregate	30,000,000	
Excess Liability Policy - Fireman's Fund (Shared)		
Excess Liability Each occurrence	25,000,000	
Fund Aggregate	25,000,000	
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	\$ 10,000
Policy Aggregate	1,000,000	
Pooled Insurance Program:		
Workers Compensation	1,000,000	
Excess Workers Compensation - Safety National Statutory Limits		
Employer's Liability	1,000,000	
BOND: Treasurer	300,000	
BOND: Board Secretary/Business Administrator	275,000	
Police Professional - Greenwich Insurance Company		
Each Occurrence	3,000,000	5,000
Aggregate	3,000,000	

Source: Pequannock Township School District records.

SINGLE AUDIT SECTION

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Report on 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.

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

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 or significant deficiencies may exist that were not identified.

Report on 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
October 28, 2022

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

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 Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Pequannock Township School District's (The District's) compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

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

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

Honorable President and Members
of the Board of Education
Pequannock Township School District
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Report on Internal Control Over Compliance

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

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

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

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

Mount Arlington, New Jersey
October 28, 2022

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, 2022

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2022	Amount Provided to Sub-recipients
							Budgetary Accounts Receivable	
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	84.027A	IDEA408022	7/1/21-9/30/22	\$ 542,778	\$ 524,552	\$ (530,790)	\$ (6,238)	
I.D.E.A. Part B, Basic	84.027A	IDEA408021	7/1/20-9/30/21	565,637	18,464			
I.D.E.A. Part B, Preschool	84.173A	IDEA408022	7/1/21-9/30/22	16,055	15,151	(15,151)		
I.D.E.A. Part B, Preschool	84.173A	IDEA408021	7/1/20-9/30/21	15,567	10,312			
ARP - I.D.E.A. Part B, Basic	84.027X	IDEA408022	7/1/21-9/30/22	107,993	94,197	(99,185)	(4,988)	
ARP - I.D.E.A. Part B, Preschool	84.173X	IDEA408022	7/1/21-9/30/22	9,221		(9,221)	(9,221)	
Total IDEA Special Education Cluster					662,676	(654,347)	(20,447)	
Elementary and Secondary Education Act:								
Title I	84.010A	ESEA408022	7/1/21-9/30/22	122,945	7,980	(16,920)	(8,940)	
Title I	84.010A	ESEA408021	7/1/20-9/30/21	84,246	6,060			
Total Title I					14,040	(16,920)	(8,940)	
Title II, Part A	84.367A	ESEA408021	7/1/20-9/30/21	50,361	688			
Title II, Part A	84.367A	ESEA408022	7/1/21-9/30/22	74,729	688	(21,454)	(21,454)	
Total Title II					1,893	(21,454)	(21,454)	
Title IV	84.424A	ESEA408021	7/1/20-9/30/21	26,333				
Total Elementary and Secondary Education Act					16,621	(38,374)	(30,394)	
Education Stabilization Fund:								
COVID 19 - CRRSA:								
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	169,992	61,424	(146,355)	(84,931)	
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	25,000	18,301	(18,301)		
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000		(44,759)	(44,759)	
COVID 19 - ARP:								
ESSER III	84.425U	S425D210027	3/13/20-9/30/24	382,046		(1,075)	(1,075)	
Total Education Stabilization Fund					79,725	(210,490)	(130,765)	
Total Special Revenue Fund/U.S. Department of Education					759,022	(903,211)	(181,606)	

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at		Amount Provided to Sub- recipients
					June 30, 2021 Budgetary Accounts Receivable	June 30, 2022 Budgetary Accounts Receivable	
U.S. Department of Treasury - Passed-through State Department of Education: Additional or Compensatory Special Education and Related Services (ACSERS)	21.027	N/A	7/1/21-9/30/22	\$ 32,443			
Total Department of Treasury					\$ (32,443)		
Total Special Revenue Fund					\$ (32,443)		
U.S. Department of Homeland Security - Passed-through State Department of Emergency Management: General Fund: Disaster Grants - Public Assistance (FEMA): COVID-19 Pandemic	17.151	N/A	3/13/20-6/30/21	86,770			
Total U.S. Department of Homeland Security					(86,770)		
TOTAL FEDERAL AWARDS					\$ (37,417)	\$ 759,022	\$ (181,606)
							\$ - 0 -

N/A - Information is not available.

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, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2022		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	\$ (142,509)		\$ 142,509	\$ (1,310,721)		\$ (65,445)		\$ 1,551,958	
Equalization Aid	21-495-034-5120-078	7/1/20 - 6/30/21	406,379	(37,316)		37,316	(1,601,412)		(147,781)		406,379	
Categorical Security Aid	21-495-034-5120-084	7/1/20 - 6/30/21	168,558	(15,478)		15,478	(406,379)		(37,501)		168,558	
School Choice Aid	21-495-034-5120-068	7/1/20 - 6/30/21	54,032	(4,962)		4,962	(55,008)		(5,076)		54,032	
Categorical Transportation Aid	21-495-035-5120-014	7/1/20 - 6/30/21	124,035	(11,390)		11,390	(24,983)		(24,983)		124,035	
Extraordinary Aid	21-495-034-5120-044	7/1/20 - 6/30/21	578,115	(578,115)		578,115	(513,743)		(513,743)		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	
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20 - 6/30/21	1,262,251	(124,798)		124,798					1,262,251	
Categorical Special Education Aid	22-495-034-5094-003	7/1/21 - 6/30/22	1,310,721			1,245,276	\$ (1,310,721)		\$ (65,445)		1,310,721	
Equalization Aid	22-495-034-5120-089	7/1/21 - 6/30/22	1,601,412			1,453,631	(1,601,412)		(147,781)		1,601,412	
Categorical Security Aid	22-495-034-5120-078	7/1/21 - 6/30/22	406,379			368,878	(406,379)		(37,501)		406,379	
School Choice Aid	22-495-034-5120-084	7/1/21 - 6/30/22	168,558			153,003	(168,558)		(15,555)		168,558	
Categorical Transportation Aid	22-495-034-5120-068	7/1/21 - 6/30/22	55,008			49,932	(55,008)		(5,076)		55,008	
Extraordinary Aid	22-495-035-5120-014	7/1/21 - 6/30/22	124,035			112,589	(124,035)		(24,983)		124,035	
On Behalf:	22-495-034-5120-014	7/1/21 - 6/30/22	24,983				(24,983)		(24,983)		24,983	
	22-495-034-5120-044	7/1/21 - 6/30/22	513,743				(513,743)		(513,743)		513,743	
TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21 - 6/30/22	1,485,453			1,485,453	(1,485,453)				1,485,453	
Long Term Disability Insurance Contributions	22-495-034-5094-004	7/1/21 - 6/30/22	2,300			2,300	(2,300)				2,300	
TPAF Pension Contributions	22-495-034-5094-002	7/1/21 - 6/30/22	6,269,405			6,269,405	(6,269,405)				6,269,405	
TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21 - 6/30/22	88,453			88,453	(88,453)				88,453	
Total General Fund				(940,218)		12,169,138	(12,050,450)		(604,171)		16,221,428	
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					\$ 4,271			43,314	
Supplementary Instruction	21-100-034-5120-066	7/1/20 - 6/30/21	49,702					4,613			45,089	
Corrective Speech	21-100-034-5120-066	7/1/20 - 6/30/21	22,785					7,018			15,767	
Examination and Classification	22-100-034-5120-066	7/1/21 - 6/30/22	80,383							\$ 13,292	67,091	
Supplementary Instruction	22-100-034-5120-066	7/1/21 - 6/30/22	54,516							17,346	37,170	
Corrective Speech	22-100-034-5120-066	7/1/21 - 6/30/22	18,972							4,650	14,322	
Security Aid	21-100-034-5120-084	7/1/20 - 6/30/21	60,725					3,219			57,506	
Textbook Aid	21-100-034-5120-064	7/1/20 - 6/30/21	20,892								20,892	
Nursing Services	21-100-034-5120-070	7/1/20 - 6/30/21	35,394								35,394	
Security Aid	22-100-034-5120-084	7/1/21 - 6/30/22	68,775							158	68,617	
Textbook Aid	22-100-034-5120-064	7/1/21 - 6/30/22	23,348								23,348	
Technology Initiative	22-100-034-5120-373	7/1/21 - 6/30/22	16,338								16,338	
Nursing Services	22-100-034-5120-070	7/1/21 - 6/30/22	44,016								44,016	
Auxiliary Services:												
Compensatory Education	21-100-034-5120-067	7/1/20 - 6/30/21	73,157					11,586			61,571	
Compensatory Education	22-100-034-5120-067	7/1/21 - 6/30/22	73,456							12,542	60,914	
Total Special Revenue Fund				30,707		379,804	(331,816)	30,707		47,988	611,349	

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2022		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	22-100-034-5120-075	7/1/21 - 6/30/22	\$ 343,380	\$ 343,380	\$ 343,380	\$ 343,380	\$ (343,380)	\$ 30,707	\$ (604,171)	\$ 47,988	\$ (821,530)	\$ 343,380
Total Debt Service Fund												343,380
Total New Jersey Department of Education												
N.J. School Development Authority Grants												
General Fund:												
Securing Our Children's Future Bond Act	20E00170	7/1/20 - 6/30/22	118,680	(106,095)			(12,585)		(118,680)		(118,680)	118,680
Special Revenue Fund:												
Emergent and Capital Maintenance Needs	N/A	11/19/21 - 6/30/22	50,813				(50,813)		(50,813)		(50,813)	50,813
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 N.J. School Development Authority Grants												
Total State Awards Subject to Single Audit Determination						\$ 12,892,322	\$ (12,789,044)	\$ 30,707	\$ (773,664)	\$ 47,988	\$ (3,327,769)	\$ 17,345,650
Less: On-Behalf TPAF Pension System Contributions:												
TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21 - 6/30/22	1,485,453				1,485,453					
Long Term Disability Insurance Contributions	22-495-034-5094-004	7/1/21 - 6/30/22	2,300				2,300					
TPAF Pension Contributions	22-495-034-5094-002	7/1/21 - 6/30/22	6,269,405				6,269,405					
TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21 - 6/30/22	88,453				88,453					
Subtotal - On-Behalf TPAF Pension System Contributions							7,845,611					
Total State Awards Subject to Single Audit Major Program Determination							\$ (4,943,433)					

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, 2022

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, 2022. 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 (\$5,704) for the General Fund and (\$77,986) for the Special Revenue Fund which includes (\$4,780) 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, 2022

(Continued)

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

	Federal	State	Total
General Fund		\$ 12,057,331	\$12,057,331
Special Revenue Fund	\$ 855,779	379,738	1,235,517
Debt Service Fund		343,380	343,380
Total Financial Assistance	\$ 855,779	\$ 12,780,449	\$13,636,228

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 filed, are awaiting SDA final approval, 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, 2022.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- 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 federal and state programs disclosed during the audit as reported in the *Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance* required by the *Uniform Guidance and NJOMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on the major federal and state programs.
- 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 major federal and state programs for the current fiscal year consisted of the following:

	<u>Assistance Listing/ State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
I.D.E.A. Part B, Basic	84.027A	7/1/21-9/30/22	\$ 542,778	\$ 530,790
I.D.E.A. Part B, Preschool	84.173A	7/1/21-9/30/22	16,055	15,151
ARP - I.D.E.A. Part B, Basic	84.027X	7/1/21-9/30/22	107,993	99,185
ARP - I.D.E.A. Part B, Preschool	84.173X	7/1/21-9/30/22	9,221	9,221
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	\$ 1,310,721	\$ 1,310,721

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Summary of Auditors' Results (Cont'd)

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs. The District was not determined to be a "low-risk" auditee for federal programs.

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:

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

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, 2022

Status of Prior Year Findings:

The District had no prior year audit findings.