KINNELON SCHOOL DISTRICT
COUNTY OF MORRIS, NEW JERSEY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

School District
of

KINNELON

KINNELON SCHOOL DISTRICT
Kinnelon, New Jersey

Annual Comprehensive Financial Report
Year Ended June 30, 2025

Annual Comprehensive Financial Report

of the

KINNELON SCHOOL DISTRICT
BOARD OF EDUCATION
Kinnelon, New Jersey

Year Ended June 30, 2025

Prepared by

Kaitlyn Lawler
Business Administrator/Board Secretary

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INTRODUCTORY SECTION

KINNELON PUBLIC SCHOOLS

109 KIEL AVENUE ◆ KINNELON, NEW JERSEY 07405
TEL: (973) 838-1418 ◆ FAX: (973) 838-5527
Website: www.kinnelonpublicschools.org
Email: franciscob@kinnelon.org

Kaitlyn Lawler
Business Administrator/Board Secretary

October 20, 2025

Honorable President and
Members of the Board of Education
Kinnelon Borough School District
109 Kiel Avenue
Kinnelon, New Jersey 07405

Dear Board Members:

The annual comprehensive financial report of the Kinnelon Board of Education (the "District") for the fiscal year ended June 30, 2025, 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 Kinnelon 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 financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 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 basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with 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. Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Kinnelon School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board "GASB" as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. All funds of the District are included in this report. The Kinnelon Board of Education 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 Grade 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2024/25 fiscal year with an enrollment of 1,643 students which was a decrease of 17 students from the prior year.

2) ECONOMIC CONDITION AND OUTLOOK: While recent job growth in Kinnelon has been slow, and indicative of the economy as a whole, the most recent unemployment rate in the community is 8.9%. This is approximately 4.6% higher than the national average. Future home development is limited due to the implementation of the Highlands Act.

3) MAJOR INITIATIVES: Over the past five years, student enrollment in the Kinnelon Public Schools has decreased approximately 8.9%. Our student population decrease was anticipated and our focus is on repurposing existing instructional space to meet the needs of our student population. There are no plans for future building expansion. There is consideration of potential redistricting using the current facilities.

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 financial assistance, 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 management.

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 the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2025.

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

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to

protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

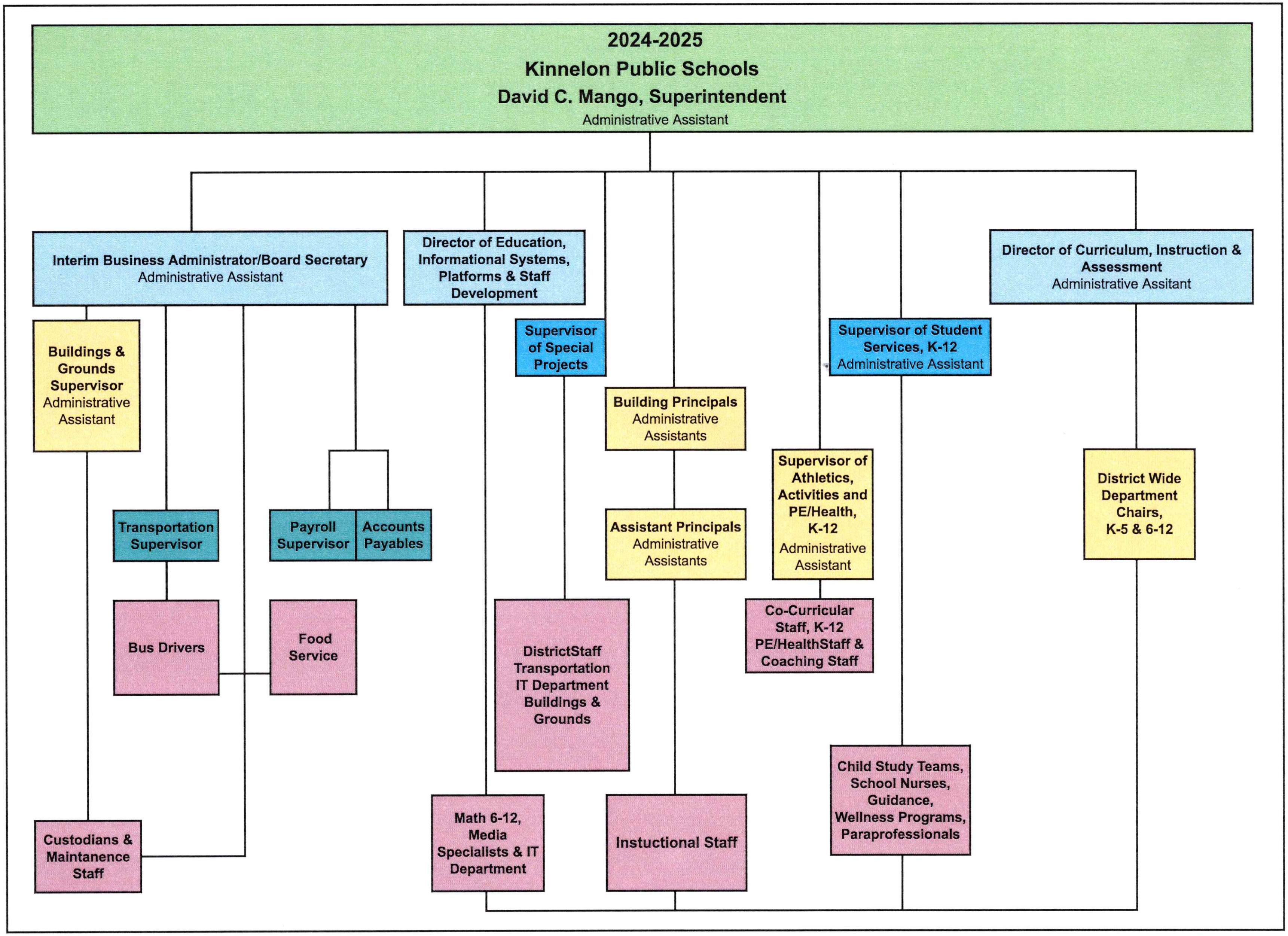
9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wielkotz, , was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Guidance and New Jersey's OMB Circular 15-08. The auditor's report on the basic financial statements and other supplementary schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

David C. Mango
Superintendent

Kaitlyn Lawler
Business Administrator/Board Secretary



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KINNELON BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2025

Members of the Board of Education		**Term Expires**
Jean Donaldson	President	2026
Jonathan Eisenmenger	Vice President	2025
Michael Petruccelli (7/1/24 - 1/7/25)	Vice President	2024
Dana Leonard	Member	2026
Carl Myers	Member	2025
Kelly Parrella	Member	2028
Jennifer Portman	Member	2025
Frank Pepe (1/7/25 - 6/30/25)	Member	2028

Other Officials

David C. Mango, Superintendent of Schools

Barbara Francisco, Interim Business Administrator/Board Secretary

Jennifer Stillman, Treasurer of School Monies

Jeff Merlino of Methfessel & Werbel, P.C., Board Attorney

KINNELON BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

JUNE 30, 2025

Architect/Engineer

DiCara Rubino Architects
35 Waterview Blvd
Suite 303
Parsippany, NJ 07054

Audit Firm

Wielkotz & Company, LLC
401 Wanaque Avenue
Pompton Lakes, NJ 07442

Attorney

Jeff Merlino, Esq.
Methfessel & Werbel, Esqs.
2025 Lincoln Highway #200
Edison, NJ 08817

Official Depositories

Provident Bank
250 Oak Ridge Road
Oak Ridge, NJ 07438

FINANCIAL SECTION

WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
DAVID BOTTGE, CPA, RMA, PSA
PAUL J. CUVA, CPA, RMA, PSA
KARI FERGUSON, CPA, RMA, CMFO, PSA
ROBERT C. MCNINCH, CPA, CFE, PSA
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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Kinnelon School District
Kinnelon, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Kinnelon School District, in the County of Morris, State of New Jersey, as of and for the year ended June 30, 2025, 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, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of Kinnelon School District, in the County of Morris, State of New Jersey, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey 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 Kinnelon School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kinnelon School District's ability to continue as a going concern for the next 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 generally accepted auditing standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and Government Auditing Standards, 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kinnelon School 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kinnelon School 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedules Related to Accounting and Reporting for Pensions, and Other Post Employment Benefits identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kinnelon School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to 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 combining and individual nonmajor fund financial statements, and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2025 on our consideration of Kinnelon School 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kinnelon School District's internal control over financial reporting and compliance.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

October 20, 2025

REQUIRED SUPPLEMENTARY INFORMATION - PART I

BOROUGH OF KINNELON SCHOOL DISTRICT
KINNELON, NJ

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The discussion and analysis of the Borough of Kinnelon Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the Districts' financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by the program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Kinnelon Board of Education exceeded its liabilities, and deferred inflows of resources at the close of the fiscal year by $29,310,361. (Net Position).

- In total, net position increased $8,817,667. Net position of the governmental activities increased by $8,799,923 and net position of business-type activities increased by $17,744.

- General revenues accounted for $49,629,748 in revenue or 83 percent of all governmental and business-type activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $10,010,273 or 17 percent of total revenues of $59,640,021.

- The School District had $50,148,308 in expenses related to governmental activities; only $9,322,879 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (entitlements and property taxes) of $49,299,998 were adequate to provide for these programs.

- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of $9,113,012.

- The General Fund fund balance at June 30, 2025 was $7,556,163, an increase of $2,113,602 compared to the ending fund balance at June 30, 2024 of $5,442,561.

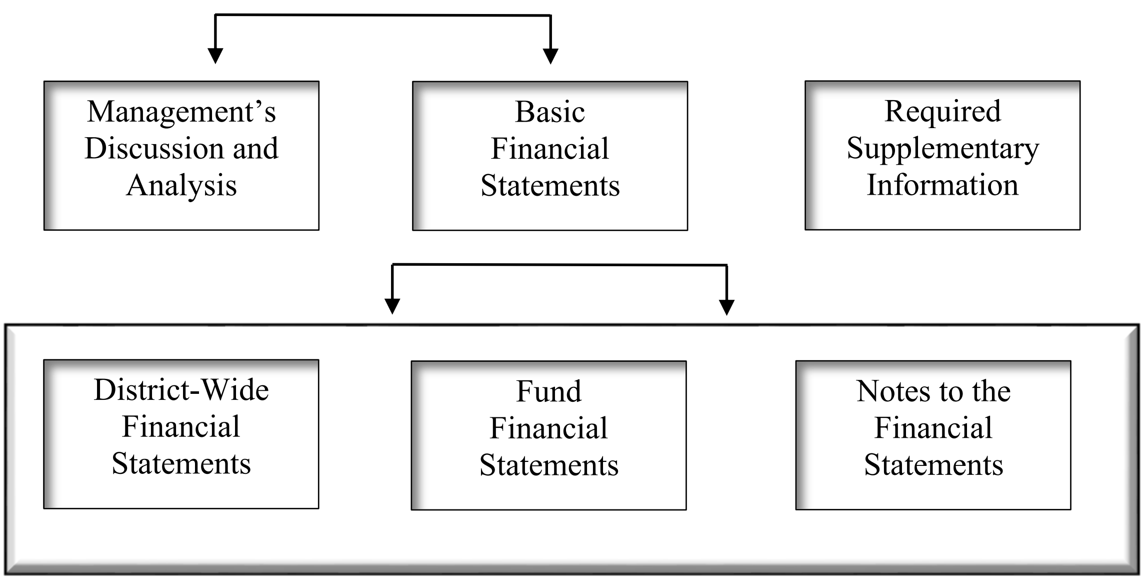
- The General Fund unassigned budgetary fund balance at June 30, 2025 was $891,564 which represents a decrease of $183,525 compared to the ending unassigned budgetary fund balance at June 30, 2024 of $1,075,089. The decrease is primarily due to the increase of deferred state aid.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The district governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



OVERVIEW OF THE FINANCIAL STATEMENTS, (continued)

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are detailed below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education and building maintenance	Activities the district operates similar to private businesses: Enterprise fund	Instances in which the district administers resources on behalf of someone else, such as custodial accounts
Required Financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes In Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/ Deferred Outflows/ Inflows of Resources/ Liability Information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be utilized and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets
Type of Inflow/ Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and dedications during the year, regardless of when cash is received or paid

BOROUGH OF KINNELON SCHOOL DISTRICT
KINNELON, NJ

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (district-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its' activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Kinnelon Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

In the *Statement of Net Position and the Statement of Activities,* the District is divided into two distinct kinds of activities:

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Program and the Enrichment Program are reported as business activities.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

USING THIS ANNUAL REPORT, (continued)

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Kinnelon Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

The Kinnelon Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue, capital projects, and debt service funds which are considered to be major funds.

The Kinnelon Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison schedule has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

USING THIS ANNUAL REPORT, (continued)

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Kinnelon Board of Education uses proprietary funds to account for its' food service program and enrichment program.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Positions provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

The School District's net position was $29,310,361 at June 30, 2025 and $20,492,694 at June 30, 2024. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2025 compared to 2024 (Table 1) and change in net position (Table 2) of the School District.

Table 1

Net Position
June 30,

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and Other Assets	$ 9,230,758	$ 9,253,647	$ 378,329	$ 424,057	$ 9,609,087	$ 9,677,704
Non-Current Assets:						
Land and Construction in Progress	1,877,912	45,810			1,877,912	45,810
Depreciable Buildings, Improvements and Equipment (net)	38,146,588	32,042,603	84,353	28,638	38,230,941	32,071,241
Total Assets	$49,255,258	$41,342,060	$ 462,682	$ 452,695	$49,717,940	$41,794,755
Deferred Outflows:						
Deferred Outflows of Resources Related to PERS	$ 1,318,700	$ 1,150,308			$ 1,318,700	$ 1,150,308
Total Deferred Outflows	$ 1,318,700	$ 1,150,308	$ -	$ -	$ 1,318,700	$ 1,150,308
Liabilities						
Current Liabilities	$ 962,564	$ 1,372,641	$ 30,986	$ 38,743	$ 993,550	$ 1,411,384
Noncurrent Liabilities	19,516,969	20,538,126			19,516,969	20,538,126
Total Laibilities	$20,479,533	$21,910,767	$ 30,986	$ 38,743	$20,510,519	$21,949,510
Deferred Outflows:						
Unamortized Gain on Refunding Bonds	$ 752,832				$ 752,832	$ -
Deferred Inflows of Resources Related to PERS	462,934	502,859			462,934	502,859
Total Deferred Outflows	$ 1,215,766	$ 502,859	$ -	$ -	$ 1,215,766	$ 502,859
Net Assets						
Net Investment in Capital Assets	$28,938,209	$20,014,575	$ 84,353	$ 28,638	$29,022,562	$20,043,213
Restricted	8,221,448	7,797,211			8,221,448	7,797,211
Unrestricted	(8,280,992)	(7,733,044)	347,343	385,314	(7,933,649)	(7,347,730)
Total Net Position	$28,878,665	$20,078,742	$ 431,696	$ 413,952	$29,310,361	$20,492,694

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Changes in Net Position:

The District's total net position increased $8,817,667 over the course of the 2024-2025 fiscal year (See Table 2). Net position invested in capital assets increased $8,979,349 primarily due to capital asset additions, offset by current fiscal year depreciation. Restricted net position increased $424,237 as a result of an increase in capital reserve, student activities and debt service, offset by decreases in the capital projects, unemployment and student activities. Unrestricted net position decreased $585,919 primarily due to changes in compensated absences payable, net pension liability, deferred inflows and outflows of resources related to pensions, unexpended budget appropriations and an excess in state revenues.

Table 2 below shows the changes in net position for fiscal year 2025 compared to 2024.

Table 2
Changes in Net Position
Year Ended June 30,

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services and Sales	$ 427,420	$ 481,579	$563,007	$541,413	$ 990,427	$ 1,022,992
Operating Grants and Contributions	8,895,459	11,355,654	124,387	193,450	9,019,846	11,549,104
General Revenues:						
Taxes:						
Property Taxes	42,129,496	41,342,516			42,129,496	41,342,516
Tuition Received	179,100	72,300			179,100	72,300
Miscellaneous Income	382,521	391,275			382,521	391,275
Investment Income	240,381	129,656	4,396	2,314	244,777	131,970
Other Restricted Miscellaneous Revenue	8,817	6,963			8,817	6,963
Other Financing Sources/ (Uses)	6,685,037			(62,356)	6,685,037	(62,356)
Total Revenue and Transfers	$ 58,948,231	$53,779,943	$691,790	$674,821	$59,640,021	$54,454,764

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Functions/Program Expenses						
Instruction:						
Regular	$ 12,593,860	$ 13,794,430			$ 12,593,860	$ 13,794,430
Special Education	4,883,308	5,364,959			4,883,308	5,364,959
Other Special Education	465,379	527,715			465,379	527,715
Other Instruction	1,194,547	1,248,031			1,194,547	1,248,031
Support Services:						
Tuition	1,592,695	1,418,442			1,592,695	1,418,442
Student & Instruction Related Services	5,889,673	6,797,961			5,889,673	6,797,961
General Administrative Services	620,107	693,866			620,107	693,866
School Administrative Services	1,928,639	1,964,920			1,928,639	1,964,920
Central Services and Administrative Information Technology	593,289	711,486			593,289	711,486
Plant Operations and Maintenance	3,773,880	3,870,584			3,773,880	3,870,584
Pupil Transportation	3,261,352	3,247,758			3,261,352	3,247,758
Unallocated Benefits	11,636,716	9,686,106			11,636,716	9,686,106
Charter Schools		26,182			-	26,182
Interest on Long-Term Debt	257,914	535,163			257,914	535,163
Unallocated Depreciation	1,294,190	1,120,344			1,294,190	1,120,344
Capital Outlay - Non-Depreciable	162,759	703,769			162,759	703,769
Amortization and Capital Lease Obligations		167,131				167,131
Food Service			674,046	675,693	674,046	675,693
Total Expenses	50,148,308	51,878,847	674,046	675,693	50,822,354	52,554,540
Increase or (Decrease) in Net Position	$ 8,799,923	$ 1,901,096	$ 17,744	$ (872)	$ 8,817,667	$ 1,900,224

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental Activities

Net position from the District's governmental activities increased by $8,799,923 during the fiscal year. However, maintaining existing programs, the provision of multitude of special programs/services for student with special needs and the cost of employee benefits has places demands on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Table 3 presents the costs of six major District activities: instruction, pupil and instructional services, administrative and business, maintenance and operations, transportation, and other. The table also shows each activity's net costs (total cost less fees generated by the activities and intergovernmental aid provided for specific program). The net cost shows the financial burden places on the District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities
Year Ended June 30,

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	$ 19,137,094	$ 20,935,135	$ 16,769,183	$ 18,449,786
Pupil and Instruction Services	7,482,368	8,216,403	5,891,887	6,503,650
Administrative and Business	3,142,035	3,370,272	3,142,035	3,370,272
Maintenance and Operations	3,773,880	3,870,584	3,608,411	3,706,373
Transportation	3,261,352	3,247,758	2,234,025	2,422,743
Other	13,351,579	12,238,695	9,179,888	5,588,790
	$ 50,148,308	$ 51,878,847	$ 40,825,429	$ 40,041,614

Business-Type Activities

The net position of the District's business-type activities increased $17,744. The net position of the Food Service Program increased $14,296 due to an increase in daily cafeteria sales and a decrease in operating expenses. The net position of the Enrichment Program increased by $3,448 due to interest earnings.

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business -Type Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was $50,822,354. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only $42,129,496 because some of the cost was paid by those who benefitted from the programs $990,427, by other governments and organizations who subsidized certain programs with grants and contributions $9,019,846, tuition received $179,100, investment earnings $244,777, miscellaneous sources $391,338 and by other financing sources $6,685,037.

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food Service revenues exceeded expenses by $14,296.
- ✓ Charges for services provided totaled $563,007 which represents amounts paid by consumers for daily food services.
- ✓ Federal and state reimbursements for meals served, including payments for free and reduced priced breakfast and lunches, and donated commodities was $124,387.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2025, and the amount and percentage of increases/(decreases) relative to the prior year.

Revenue	Amount	Percent of Total	Increase/ (Decrease) from 2024	Percent of Increase/ (Decrease)	Prior Year
Local Source	$ 43,459,772	74.2%	$ 989,530	2.33%	$ 42,470,242
State Source	14,599,441	24.9%	(937,889)	-6.04%	15,537,330
Federal Source	519,127	0.9%	(229,672)	-30.67%	748,799
	$ 58,578,340	100.0%	$ (178,031)	-0.30%	$ 58,756,371

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business -Type Activities (continued)

Expenditures	Amount	Percent of Total	Increase/ (Decrease) from 2024	Percent of Increase/ (Decrease)	Prior Year
Current Expenditures					
Instruction	$ 18,426,471	31.5%	$ (423,552)	-2.25%	$ 18,850,023
Undistributed	35,667,693	61.1%	(306,697)	-0.85%	35,974,390
Debt Service	1,328,938	2.3%	(251,900)	-15.93%	1,580,838
Capital Outlay	2,921,921	5.0%	1,583,647	118.34%	1,338,274
	$ 58,345,023	100.0%	$ 601,498	1.04%	$ 57,743,525

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2025, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.
- During the fiscal year ended June 30, 2025, the School District amended the special revenue fund by $133,782 for increases in local and federal, and state grants.

General Fund

The general fund actual revenue was $56,089,392. That amount is $11,078,636 above the final amended budget of $45,010,756. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of $10,267,747 for TPAF pension and social security reimbursements, an excess in other state of $315,070, an excess of $495,819 in miscellaneous anticipated revenues.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)

General Fund, (continued)

The actual expenditures of the general fund were $53,958,552, including transfers which is $6,250,716 above the final amended budget of $47,707,836. The variance between the actual expenditures and final budget was due to non-budget on–behalf payments of $10,267,747 for TPAF pension and social security reimbursements, and $4,017,031 of unexpended budgeted funds.

General fund had total revenues of $56,089,392 and total expenditures of $53,958,552 and an ending fund balance $7,847,112 on the budgetary basis of accounting.

Special Revenue Fund

The special revenue fund actual revenue was $1,035,663. That amount is above the original budget estimate of $429,811 and above the final amended budget of $605,852. The $133,782 variance between the original and final budget was due to additional federal, state and local grant monies awarded to the District after the original budget was approved. The $429,811 variance between the final amended budget and the June 30, 2025 actual revenues was due to the deferral of Federal and State grants received in the current fiscal year to be spent in the next fiscal year, and the inclusion of student activity fund and scholarship revenues.

The actual expenditures of the special revenue fund were $1,007,961, which is above the original budget estimate of $472,070 and above the final amended budget of $605,852. The $133,782 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved. The $402,109 variance between the final amended budget and the June 30, 2025 actual results was due to the anticipation of fully expending Federal and State grant programs and the inclusion of student activity fund and scholarship expenses. Expenditures will be incurred in the next fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025 the School District had $77,375,235 invested in sites, buildings, equipment, and construction in progress. Of this amount $37,266,382 in depreciation/amortization has been taken over the years. We currently have a net book value of $40,108,853. Total additions for the year were $7,702,611, the majority of which was for a donated building, various technology and office equipment, transportation equipment, food service equipment and improvements to the District's facilities. Additions to construction in progress for the year were $1,832,102. Table 4 shows fiscal year 2025 balances compared to 2024.

Table 4
Capital Assets at June 30,
(Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 45,810	$ 45,810			$ 45,810	$ 45,810
Construction in Progress	1,832,102				1,832,102	-
Building and Improvements	36,744,964	31,111,784			36,744,964	31,111,784
Machinery and Equipment	1,401,624	930,819	84,353	28,638	1,485,977	959,457
	$40,024,500	$32,088,413	$84,353	$28,638	$40,108,853	$32,117,051

For more detailed information, please refer to the Notes to Basic Financial Statements.

Debt Administration

At June 30, 2025, the District had $19,516,969 of outstanding debt. Of this amount, $9,940,000 is for bonds payable, $752,832 is for unamortized bond premiums, $1,519,955 is for compensated absences, $7,663,555 is for the District's net pension liability, and $104,255 represents the lease liability. For more detailed information, please refer to the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The district continues to rely predominately upon local property taxes as its main source of funding. Therefore, in consideration of current economic conditions and the anticipation of continued flat state aid support, the Board of Education has sought to control budget expenses to minimize the impact on the local tax levy.

The following factors were considered in preparing the 2025-2026 fiscal year budget:

- Estimated Student Enrollment
- Sources of revenue
- Cost of negotiated salaries and benefits
- Cost of fixed charges
- Mandated Programs
- Requirements for health and safety issues

Prior to the end of fiscal year 2004, S1701 was enacted. This law is meant to control public school district budgets by revising the calculation of budget caps and reducing surplus. Starting in 2005-06 the CAP will be set at 2.5% or cost of living, whichever is greater. A number of other changes will affect the calculation of SGLA's and per pupil administrative costs. Any undesignated general fund fund balance in excess of 2% or $250,000, which is greater, must be appropriated for tax relief.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Borough of Kinnelon School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Kaitlyn Lawler
School Business Administrator
Borough of Kinnelon School District
109 Kiel Ave
Kinnelon, NJ 07405

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	2,031,727	334,726	2,366,453
Receivables, net	1,719,841	3,041	1,722,882
Internal balances	(15,631)	15,631	-
Inventory		24,931	24,931
Restricted assets:			
Capital reserve account - cash	4,810,029		4,810,029
Net payroll account - cash	2,051		2,051
Payroll deductions and withholdings account - cash	30,258		30,258
Flexible spending account - cash	26,134		26,134
Unemployment compensation account - cash	218,094		218,094
Student activity accounts - cash	226,131		226,131
Scholarship accounts - cash	182,124		182,124
Capital assets, net:			
Land	45,810		45,810
Construction in Progress	1,832,102		1,832,102
Other capital assets, net	38,146,588	84,353	38,230,941
Total Assets	49,255,258	462,682	49,717,940
Deferred Outflow of Resources:			
Deferred outflows of resources related to PERS	1,318,706		1,318,706
Total Deferred Outflows	1,318,706		1,318,706
LIABILITIES			
Accounts payable and accrued liabilities	844,818	-	844,818
Unearned revenue	59,303	30,986	90,289
Payroll deductions and withholdings payable	58,443		58,443
Noncurrent liabilities:			
Due within one year	1,174,437		1,174,437
Due beyond one year	18,342,532		18,342,532
Total liabilities	20,479,533	30,986	20,510,519
Deferred Inflow of Resources:			
Unamortized gain on refunding bond	752,832		
Deferred inflows of resources related to PERS	462,934		462,934
Total Deferred Inflows	1,215,766		1,215,766
NET POSITION			
Net investment in capital assets	28,938,209	84,353	29,022,562
Restricted for:			
Debt service	105,732		105,732
Capital projects	1,042,862		1,042,862
Other purposes	7,072,854		7,072,854
Unrestricted (Deficit)	(8,280,992)	347,343	(7,933,649)
Total net position	28,878,665	431,696	29,310,361

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

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Activities
Fiscal Year Ended June 30, 2025

			Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Indirect Expenses Allocation**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:							
Instruction:							
Regular	12,141,108	452,752			(12,593,860)		(12,593,860)
Special education	4,713,192	170,116		2,367,911	(2,515,397)		(2,515,397)
Other special instruction	447,256	18,123			(465,379)		(465,379)
Other instruction	1,160,026	34,521			(1,194,547)		(1,194,547)
Support services:							
Instruction	1,592,695			1,016,667	(576,028)		(576,028)
Student & instruction related services	5,713,093	176,580	427,420 *	146,394	(5,315,859)		(5,315,859)
General administrative services	607,373	12,734			(620,107)		(620,107)
School administrative services	1,864,561	64,078			(1,928,639)		(1,928,639)
Central Services	471,207	15,289			(486,496)		(486,496)
Administrative information tech.	103,337	3,456			(106,793)		(106,793)
Plant operations and maintenance	3,706,741	67,139		165,469	(3,608,411)		(3,608,411)
Pupil transportation	3,239,668	21,684		1,027,327	(2,234,025)		(2,234,025)
Unallocated benefits	11,636,716			3,952,601	(7,684,115)		(7,684,115)
Capital outlay - non-depreciable	162,759			40,327	(122,432)		(122,432)
Interest on long-term debt	257,914			178,763	(79,151)		(79,151)
Unallocated depreciation	1,294,190 (D)				(1,294,190)		(1,294,190)
Total governmental activities	49,111,836	1,036,472	427,420	8,895,459	(40,825,429)	-	(40,825,429)
Business-type activities:							
Food Service	674,046		563,007	124,387		13,348	13,348
Total business-type activities	674,046		563,007	124,387		13,348	13,348
Total primary government	49,785,882		990,427	9,019,846	(40,825,429)	13,348	(40,812,081)

	Governmental Activities	Business-type Activities	Total
General revenues:			
Taxes:			
Levied for general purposes	40,880,984		40,880,984
Taxes levied for debt service	1,248,512		1,248,512
Tuition received	179,100		179,100
Investment Earnings	240,381	4,396	244,777
Miscellaneous Income	382,521		382,521
Other Restricted Miscellaneous Revenue	8,817 **		8,817
Other Financing Sources/(Uses):			-
Proceeds from Refunding	7,395		7,395
Debt Amortization	227,996		227,996
Donated Building	6,775,000		6,775,000
Gain on Refunding	(325,354)		(325,354)
Total general revenues, special items, extraordinary items and transfers	49,625,352	4,396	49,629,748
Change in Net Position	8,799,923	17,744	8,817,667
Net Position—beginning	20,078,742	413,952	20,492,694
Net Position—ending	28,878,665	431,696	29,310,361

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

* Student Activity revenue is reported as "charges for services"; scholarship revenue is reported as "operating grants and contributions"
** Includes the interest earnings on the unemployment compensation bank account
(D) - Unallocated depreciation excludes direct depreciation expenses of the various programs

FUND FINANCIAL STATEMENTS

Exhibit B-1

KINNELON BOROUGH BOARD OF EDUCATION

Balance Sheet

Governmental Funds

June 30, 2025

	General Fund		Special Revenue Fund		Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents							
Checking	1,459,687		2,934		463,374	105,732	2,031,727
Accounts Receivable -							
Intergovernmental - State	1,129,174				579,488		1,708,662
Intergovernmental - Federal			8,127				8,127
Other receivables			3,052				3,052
Restricted cash and cash equivalents:							
Capital reserve	4,810,029						4,810,029
Net payroll	2,051	*					2,051
Payroll deductions and withholdings	30,258	*					30,258
Flexible spending	26,134	*					26,134
Unemployment compensation	218,094	*					218,094
Student activity accounts			226,131	*			226,131
Scholarship accounts			182,124	*			182,124
Total assets	7,675,427		422,368		1,042,862	105,732	9,246,389
LIABILITIES AND FUND BALANCES							
Liabilities:							
Interfund Payable	15,631						15,631
Unearned revenue	45,190		14,113				59,303
Payroll deductions and withholdings payable	58,443	***					58,443
Total liabilities	119,264		14,113		-	-	133,377
Fund Balances:							
Restricted for:							
Excess Surplus - current year	554,665						554,665
Excess Surplus - prior year - designated for subsequent year's expenditures	515,904						515,904
Capital reserve account	4,810,029						4,810,029
Committed to:							
Student Groups			226,131				226,131
Scholarships			182,124				182,124
Unemployment compensation	218,094						218,094
Assigned to:							
Year-end Encumbrances	540,688						540,688
Designated by the BOE for subsequent year's expenditures	25,219						25,219
Capital projects fund					1,042,862		1,042,862
Debt service fund						105,732	105,732
Unassigned:							
General Fund	891,564						891,564
Total Fund balances	7,556,163		408,255		1,042,862	105,732	9,113,012
Total liabilities and fund balances	7,675,427		422,368		1,042,862	105,732	

Exhibit B-1

KINNELON BOROUGH BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2025

Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $76,917,750 and the accumulated depreciation, is $36,893,250	40,024,500
Accounts payable for subsequent Pension payment is not a payable in the funds	(716,992)
Gains on refunding bond are reported as revenues in the Governmental Funds in the year of the issuance. The gains are $846,936 and accumulated amortization is $94,104	(752,832)
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred outflows of resources related to PERS Pension Liability	1,318,706
Deferred inflows of resources related to PERS Pension Liability	(462,934)
Accrued interest liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(127,826)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(19,516,969)
Net position of governmental activities	28,878,665

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

* Include former fiduciary fund cash and cash equivalents
** Include payable due to the State for unreimbursed unemployment invoices
*** Include payroll deductions payable and flexible benefits liabilities (flex spending has no net position, only liabilities)
**** Include unspent employee payroll unemployment contributions

Exhibit B-2

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2025

	General Fund		Special Revenue Fund		Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES							
Local sources:							
Local tax levy	40,880,984					1,248,512	42,129,496
Tuition charges	179,100						179,100
Miscellaneous	622,902		6,335				629,237
Other Restricted Miscellaneous Revenues	8,817	*					8,817
Scholarship Donations			46,004	**			46,004
Student Group Receipts			467,118	**			467,118
Total - Local Sources	41,691,803		519,457		-	1,248,512	43,459,772
State sources	14,380,351		40,327			178,763	14,599,441
Federal sources			519,127				519,127
Total revenues	56,072,154		1,078,911		-	1,427,275	58,578,340
EXPENDITURES							
Current:							
Regular instruction	12,105,997						12,105,997
Special education instruction	4,242,049		471,143				4,713,192
Other special instruction	447,256						447,256
School sponsored/other instructional	1,160,026						1,160,026
Support services and undistributed costs:							
Tuition	1,592,695						1,592,695
Attendance and social work services	34,135						34,135
Health services	490,242						490,242
Student & instruction related services	4,692,065		539,739	***			5,231,804
General administrative services	607,373						607,373
School administrative services	1,748,393						1,748,393
Central services	471,207						471,207
Administrative information tech.	103,337						103,337
Plant operations and maintenance	3,691,817						3,691,817
Pupil transportation	3,168,803						3,168,803
Unallocated benefits	8,260,140						8,260,140
On-behalf contributions	10,267,747						10,267,747
Debt Service:							
Principal						975,000	975,000
Interest and charges						353,938	353,938
Capital outlay	875,270		40,327		2,006,324		2,921,921
Total expenditures	53,958,552		1,051,209		2,006,324	1,328,938	58,345,023
Excess (Deficiency) of revenues over expenditures	2,113,602		27,702		(2,006,324)	98,337	233,317

Exhibit B-2

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
Proceeds from Refunding Bond Issuance				7,395	7,395
Total other financing sources and uses	-	-	-	7,395	7,395
Net change in fund balances	2,113,602	27,702	(2,006,324)	105,732	240,712
Fund balance—July 1	5,442,561	380,553	3,049,186	-	8,872,300
Fund balance—June 30	7,556,163	408,255	1,042,862	105,732	9,113,012

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

* Include interest earnings on the unemployment compensation bank account
** Special revenue fund now includes revenues from scholarships and student activities
*** Special revenue fund now includes expenditures from scholarships and student activities

Exhibit B-3

KINNELON BOROUGH BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Fiscal Year Ended June 30, 2025

Total net change in fund balances - governmental funds (from B-2)		240,712
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in 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 exceeded depreciation in the period.		
Depreciation expense	(1,535,773)	
Non-depreciable capital outlay - Construction in Progress	1,832,102	
Donated Building	6,775,000	
Asset retired prior to full depreciation	(1,353)	
Depreciable outlays	866,111	
		7,936,087
Repayment of long-term debt is reported as 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. In the current year, these amounts consist of:		
Serial bond obligations	975,000	
Capital lease obligations	109,905	
		1,084,905
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.		
Refunding bond of 2006/2007 issues refunded	10,070,000	
Refunding bond, series 2024	(10,005,000)	
Gain on refunding issuance - series 2024	(846,936)	
Gain on refunding issuance - 2006/2007 issues	781,936	
Proceeds of long-term debt	(325,354)	
		(325,354)
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. The change in interest is an adjustment in the reconciliation.		
General Bond Obligations - Prior Year	215,531	
General Bond Obligations - Current Year	(126,000)	
General Capital Lease Obligations - Prior Year	8,319	
General Capital Lease Obligations - Current Year	(1,826)	
		96,024
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 (+).		
Increase in compensated absences payable		(828,789)

KINNELON BOROUGH BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Fiscal Year Ended June 30, 2025

District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changed in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District Pension Contributions	767,436	
Less: Pension Expense	(399,094)	
(Increase)/Decrease in Pension Expense		368,342
Per GASB No. 68, Non-employer contributing entities are required to record any increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements		
Decrease in On-behalf State Aid TPAF Pension		(7,223,668)
Decrease in On-behalf TPAF Pension Expense		7,223,668
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 (+)		
Gain on Refunding	94,104	
Refunding Bond of 2026/2007 Issue	97,742	
Refunding Bond, Series 2024	36,150	
		227,996
The governmental funds report the effect of issuance costs when debt is first issued. Whereas these amounts are deferred and amortized in the Statement of Activities (-)		
Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post employment medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements		
Increase in On-behalf State Aid TPAF Post Employment Medical Revenu(		908,522
Increase in On-behalf State Aid TPAF Post Employment Medical Expense		(908,522)
Change in net position of governmental activities		8,799,923

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

Exhibit B-4

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2025

	Food Service Program	Enrichment Program	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	246,568	88,158	334,726
Accounts receivable:			
State	224	-	224
Federal	2,817	-	2,817
Interfund - General Fund	15,631	-	15,631
Inventories	24,931	-	24,931
Total current assets	290,171	88,158	378,329
Noncurrent assets:			
Capital assets:			
Equipment	457,485	-	457,485
Less accumulated depreciation	(373,132)	-	(373,132)
Total capital assets (net of accumulated depreciation)	84,353	-	84,353
Total assets	374,524	88,158	462,682
LIABILITIES			
Current liabilities:			
Unearned revenue	4,653		4,653
Prepaid Revenue	26,333	-	26,333
Total current liabilities	30,986	-	30,986
NET POSITION			
Net investment in capital assets	84,353	-	84,353
Unrestricted	259,185	88,158	347,343
Total net position	343,538	88,158	431,696

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

Exhibit B-5

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2025

	Food Service Program	Enrichment Program	Totals
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	280,152	-	280,152
Daily sales - non-reimbursable programs	273,035	-	273,035
Special functions	9,820	-	9,820
Total operating revenues	563,007	-	563,007
Operating expenses:			
Cost of sales - reimbursable	142,561	-	142,561
Cost of sales - non-reimbursable	120,466	-	120,466
Salaries	241,263	-	241,263
Benefits	76,851	-	76,851
Supplies and materials	35,824	-	35,824
Purchased property services	25,608	-	25,608
Other expenses	25,688	-	25,688
Depreciation	5,785	-	5,785
Total operating expenses	674,046	-	674,046
Operating income (loss)	(111,039)	-	(111,039)
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	4,844	-	4,844
P-EBT Administrative Cost	321	-	321
Federal sources:			
National school lunch program	61,740	-	61,740
Supply Chain Assistance	10,716	-	10,716
P-EBT Administrative Cost	321	-	321
Food distribution program	46,445	-	46,445
Interest income	948	3,448	4,396
Total nonoperating revenues (expenses)	125,335	3,448	128,783
Income (loss) before contributions & transfers	14,296	3,448	17,744
Total net position—beginning	329,242	84,710	413,952
Total net position—ending	343,538	88,158	431,696

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

Exhibit B-6

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2025

	Business-type Activities- Enterprise Funds		
	Food Service Program	**Enrichment Program**	**Totals**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	566,932	-	566,932
Payments to suppliers	(633,278)	-	(633,278)
Net cash provided by (used for) operating activities	(66,346)	-	(66,346)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	5,189	-	5,189
Federal Sources	61,811	-	61,811
Interfund Activity	2,638		2,638
Net cash provided by (used for) non-capital financing activities	69,638	-	69,638
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	948	3,448	4,396
Miscellaneous - prior year void check	128		128
Net cash provided by (used for) investing activities	1,076	3,448	4,524
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(61,500)		(61,500)
Net cash provided by (used for) capital and related financing activities	(61,500)	-	(61,500)
Net increase (decrease) in cash and cash equivalents	(57,132)	3,448	(53,684)
Balances—beginning of year	303,700	84,710	388,410
Balances—end of year	246,568	88,158	334,726
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(111,039)	-	(111,039)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation and net amortization	5,785	-	5,785
Food Distribution Program	50,127	-	50,127
(Increase) decrease in inventories	(10,367)	-	(10,367)
Increase (decrease) in prepaid revenue	(852)	-	(852)
Total adjustments	44,693	-	44,693
Net cash provided by (used for) operating activities	(66,346)	-	(66,346)

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

NOTES TO THE FINANCIAL STATEMENTS

Borough of Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Kinnelon School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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. Description of the School District and Reporting Entity

The Kinnelon School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Kinnelon School District is a Type II district located in the County of Morris, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members, all elected to three-year terms. The purpose of the District is to educate students in grades Pre-K–12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the District's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the District exercises operating control. The operations of the District include elementary schools, a middle school and a high school, located in the Kinnelon School District. 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.

<u>NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>: (continued)

<u>B. Basis of Presentation</u>

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Currently the District does not have any fiduciary funds.

<u>District-wide Financial Statements</u>

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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, including its fiduciary funds. Separate statements for each fund category - *government, proprietary,* and *fiduciary* - 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 various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for 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 the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state 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 revenues.

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 fixed 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 Expense by district resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Fund Financial Statements, (continued)

GOVERNMENTAL FUNDS, (continued)

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the District has no internal service funds. The following is a description of the Proprietary Funds of the District:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund and the Enrichment Program.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the District on behalf of individuals, private organizations, other governments and/or other funds. The District does not have any activities that are required to be included in the Fiduciary Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. Measurement Focus

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the District are included on the statement of net position, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange 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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, 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. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

E. Budgets/Budgetary Control

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue, and debt service funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6A:23-2(g)1. Transfers of appropriations may be made by School District resolution at any time during the fiscal 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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

E. Budgets/Budgetary Control (continued)

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

F. 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 reservations of 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 revenues 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.

G. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

G. Cash, Cash Equivalents and Investments (continued)

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 public 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 savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value 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 other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Tuition Revenues/Receivable

Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

I. Inventories

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Short-Term Interfund Receivables/Payables

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated capital assets are valued at their acquisition value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. The District maintains a capitalization threshold of $2,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value to the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activity Estimated Lives
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

M. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

N. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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 proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers,* as well as the requirements of

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Q. Accounting and Financial Reporting for Pensions (continued)

Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

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

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

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

R. Bond Discounts/Premiums

Bond discounts/premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts/premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pension.

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

T. Right to Use Assets

The District has not recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related issue.

U. Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

U. Fund Balances, (continued)

- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

- **Assigned** fund balance comprises amounts *intended* to be used by the District for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

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

V. Net Position

Net position represent the difference between assets and deferred outflows and liabilities and deferred inflows. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

W. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

X. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

Y. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were not allocated. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Z. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

AA. New Accounting Standards

During fiscal year 2025, the District adopted the following GASB statements:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

AA. New Accounting Standards, (continued)

GASB Statement No. 102, *Certain Risk Disclosures,* will be effective beginning with the fiscal year ending June 30, 2025. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The GASB has issued the following statements that will become effective for the School District for fiscal years ending June 30, 2026:

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its' effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. Management is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

In September 2024, the Government Accounting Standards Board issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though earlier application is encouraged. Management is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2025, $-0- of the District's bank balance of $8,782,703 was exposed to custodial credit risk.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 3. RECEIVABLES:

Receivables at June 30, 2025, consisted of accounts receivable and intergovernmental receivables. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Enterprise Fund	District Wide Financial Statements
State Aid	$ 1,708,662	224	$ 1,708,886
Federal Aid	8,127	2,817	10,944
Other	3,052		
Interfunds		15,631	
Gross Receivables	1,719,841	18,672	1,719,830
Less: Allowance for Uncollectibles			
Total Receivables, Net	$ 1,719,841	$ 18,672	$ 1,719,830

Borough of Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2025

NOTE 4. INTERFUND BALANCE AND ACTIVITY:

Balances due to/from other funds at June 30, 2025 consist of the following:

$ 15,631	Due to the General Fund from the Cafeteria Fund for expense reimbursement.
$ 15,631	

It is anticipated that all interfunds will be liquidated during the fiscal year.

There were no interfund transfers during the year ended June 30, 2025.

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

	Balance 6/30/2024	Additions	Retirements	Balance 6/30/2025
Governmental activities:				
Capital Assets that are Not Being Depreciated:				
Land	$ 45,810			$ 45,810
Construction in progress	-	1,832,102		1,832,102
Total Capital Assets Not Being Depreciated	45,810	1,832,102	-	1,877,912
Building and Building Improvements	60,752,453	6,913,820		67,666,273
Machinery and Equipment	6,653,037	727,291	(6,763)	7,373,565
Totals at Historical Cost	67,405,490	7,641,111	(6,763)	75,039,838
Less Accumulated Depreciation for :				
Building and Improvements	(29,640,669)	(1,280,640)		(30,921,309)
Machinery and Equipment	(5,722,218)	(255,133)	5,410	(5,971,941)
Total Accumulated Depreciation	(35,362,887)	(1,535,773) *	5,410	(36,893,250)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	32,042,603	6,105,338	(1,353)	38,146,588
Government Activities Capital Assets, Net	$ 32,088,413	7,937,440	(1,353)	$ 40,024,500

NOTE 5. CAPITAL ASSETS: (continued)

	Balance 6/30/2024	Additions	Retirements	Balance 6/30/2025
Business-Type Activities:				
Equipment - Food Service	$ 395,985	61,500		$ 457,485
Less Accumulated Depreciation for :				
Equipment - Food Service	(367,347)	(5,785)		(373,132)
Business-Type Activities Capital Assets, Net	$ 28,638	55,715	-	$ 84,353

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 39,626
Support Service:	
School Administration	116,168
Operations & Maintenance	14,924
Student Transportation	70,865
Unallocated Depreciation	1,294,190
Total Depreciation Expense	$ 1,535,773

NOTE 6. LONG-TERM OBLIGATION ACTIVITY:

Changes in long-term obligations for the fiscal year ended June 30, 2025 were as follows:

	Balance June 30, 2024	Issued	Retired	Balance June 30, 2025	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Bonds Payable:						
General Obligation Debt	$ 10,980,000	10,005,000	(11,045,000)	$ 9,940,000	$1,090,000	$ 8,850,000
Unamortized Bond Premiums	879,678		(97,742)	781,936	97,742	684,194
Total Bonds Payable	11,859,678	10,005,000	(11,142,742)	10,721,936	1,187,742	9,534,194
Other Liabilities:						
Financed Purchases Payable	214,160		(109,905)	104,255	48,287	55,968
Compensated Absences Payable	691,166	967,206	(138,417)	1,519,955		1,519,955
Net Pension Liability PERS	7,773,122		(109,567)	7,663,555		7,663,555
Total Other Liabilities	8,678,448	967,206	(357,889)	9,287,765	48,287	9,239,478
Total Government Activities	$ 20,538,126	$10,972,206	$(11,500,631)	$ 20,009,701	$1,236,029	$ 18,773,672

NOTE 6. LONG-TERM OBLIGATION ACTIVITY: (continued)

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 District are general obligations bonds.

Outstanding bonds payable at June 30, 2025 consisted of the following:

Issue	Amount Issued	Issue Date	Interest Rates	Date of Maturity	Principal Balance June 30, 2025
Refunding Bond, Series 2024	$10,005,000	11/5/2024	2.00% - 4.00%	2/1/2033	$ 9,940,000

Principal and interest due on bonds outstanding is as follows:

Year Ending June 30,	Total	Principal	Interest
2026	$ 1,392,400	$ 1,090,000	$ 302,400
2027	1,445,600	1,165,000	280,600
2028	1,492,300	1,235,000	257,300
2029	1,502,600	1,270,000	232,600
2030	1,482,200	1,275,000	207,200
2031-2033	4,218,400	3,905,000	313,400
	$11,533,500	$ 9,940,000	$1,593,500

B. Bonds Authorized But Not Issued:

As of June 30, 2025, the District has no authorized but not issued bonds.

C. Financed Purchases Payable:

The District has entered into lease purchase agreements for security cameras, chromebooks and music equipment totaling $624,333. The lease for security cameras is for two years at an interest rate of 1.00%. The lease for music equipment is for five years at an interest rate of 15.148%.

The following is a schedule of future minimum lease payments for these agreements, and the present value of the net minimum lease payments at June 30, 2025:

Year	Principal	Interest	Total
2026	$ 48,287	$2,740	$ 51,027
2027	49,074	1,952	51,026
2028	6,894	1,044	7,938
	$104,255	$5,736	$109,991

NOTE 6. LONG-TERM OBLIGATION ACTIVITY: (continued)

D. Unamortized Bond Premiums:

Unamortized bond premiums are recorded as a long-term liability in the governmental funds. As of June 30, 2025, the current portion of the liability is $97,742, and the long-term portion is $684,194.

E. Compensated Absences:

District employees are entitled to sick, vacation, and personal leave in accordance with Board policy and negotiated agreements. Unused leave may accumulate and, in certain cases, is payable upon retirement, resignation or termination.

Effective for the year ended June 30, 2025, the District implemented GASB Statement No. 101, Compensated Absences, which requires recognition of a liability for leave that (a) has not been used and (b) has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more than likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In the government-wide financial statements, compensated absences are reported as a liability in the governmental fund statements.

Compensated absences will be paid from the fund which the employees' salaries are paid.

At June 30, 2025, the District's compensated absences liability was $1,519,955.

F. Net Pension Liability:

For details on the net pension liability, refer to Note 7. The District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

G. Leases:

As of June 30, 2025 the Board has no leases outstanding.

NOTE 7. PENSION PLANS:

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined with a special-funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In 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:

Tier	Definition
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

NOTE 7. PENSION PLANS: (continued)

Benefits Provided, (continued)

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 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.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
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

NOTE 7. PENSION PLANS: (continued)

Benefits Provided, (continued)

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 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.

Defined Contribution Retirement Program

Empower Financial Services 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 expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The District's contribution to PERS and DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year Ending	PERS	DCRP
6/30/2025	$ 767,436	$ 15,778
6/30/2024	717,255	17,564
6/30/2023	676,593	9,272

NOTE 7. PENSION PLANS: (continued)

Contributions Requirements Fund Based Statements, (continued)

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year Ending	Pension Contribution	Post-Retirement Medical Contributions	NCGI Premium	Long-Term Disability Insurance Contributions
6/30/2025	6,845,636	2,025,079	84,799	2,058
6/30/2024	6,930,657	1,907,783	79,040	1,804
6/30/2023	6,615,884	1,762,089	91,788	1,586

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District $1,310,175 during the year ended June 30, 2025 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2025, the District had a liability of $7,663,555 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30,2023. 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 governmental entities, actuarially determined. At June 30, 2024, the District's proportion was 0.0563992397 percent, which was an increase/(decrease) of 0.00273367 percent from its proportion measured as of June 30, 2023.

NOTE 7. PENSION PLANS: (continued)

Public Employees Retirement System (PERS), (continued)

For the year ended June 30, 2025, the District recognized pension expense of $(399,094). At June 30, 2025, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 153,515	$ 20,402
Changes of Assumptions	9,521	87,194
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		355,338
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	438,678	
District Contributions Subsequent to the Measurement Date	716,992	
	$1,318,706	$462,934

The $716,992 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2025, the plan measurement date is June 30, 2024) will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2025	$ (325,376)
2026	251,766
2027	(144,846)
2028	(83,619)
2029	2,177

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08. 5.08, 5.04, 5.13, 5.16 and 5.21 for years 2024, 2023, 2022, 2021, 2020 and 2019, respectively.

NOTE 7. PENSION PLANS: (continued)

Public Employees Retirement System (PERS), (continued)

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2024 and June 30, 2023 are as follows:

	June 30, 2024	June 30, 2023
Collective Deferred Outflows of Resources	$ 1,079,580,780	$ 1,080,204,730
Collective Deferred Inflows of Resources	1,611,322,898	1,780,216,457
Collective Net Pension Liability	13,588,045,796	14,484,374,047
District's Proportion	0.0563992397%	0.0536655721%

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 - 6.55% based on years of service
Investment Rate of Return	7.00%

Mortality Rates

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

NOTE 7. PENSION PLANS: (continued)

Public Employees Retirement System (PERS), (continued)

Mortality Rates, (continued)

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) 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's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

NOTE 7. PENSION PLANS: (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2024 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 – percentage-point lower or 1 - percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
District's Proportionate Share of the Pension Liability	10,204,187	7,663,555	5,501,490

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

Teachers Pensions and Annuity Fund (TPAF)

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.

NOTE 7. PENSION PLANS: (continued)

Teachers Pensions and Annuity Fund (TPAF), (continued)

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.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2025 was as follows:

Net Pension Liability:	
District's proportionate share	$ -
State's proportionate share associated with the District	80,385,274
	$ 80,385,274

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 rolled forward to June 30, 2024. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2024, the proportion of the TPAF net pension liability associated with the District was 0.1626405687%.

For the year ended June 30, 2025, the District recognized on-behalf pension expense and revenue of $(293,233) for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 - 6.55% based on years of service
Investment Rate of Return	7.00%

NOTE 7. PENSION PLANS: (continued)

Teachers Pensions and Annuity Fund (TPAF), (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Health Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with a 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) 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 TPAF's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

NOTE 7. PENSION PLANS: (continued)

Teachers Pensions and Annuity Fund (TPAF), (continued)

Long-Term Expected Rate of Return, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 8. POST-RETIREMENT BENEFITS:

General Information about the OPEB Plan

State Health Benefit State Local Education Retired Employees Plan

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees 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 paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

NOTE 8. POST-RETIREMENT BENEFITS, (continued):

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 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total non-employer 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 local education employers.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2023:

Active Plan Members	219,185
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	153,556
Total	372,741

Measurement Focus and Basis of Accounting

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

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

NOTE 8. POST-RETIREMENT BENEFITS, (continued):

Total Nonemployer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP pension participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is 0.00%. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the statement of net position.

The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2024 is $85,975,753. Since the OPEB liability associated with the District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. For the June 30, 2024, measurement date, the State's proportionate share of the non-employer OPEB liability associated with the District was 0.1441321780%, which was an increase/(decrease) of 0.0017354754% from its proportion measured as of June 30, 2023.

The actuarial assumptions and other inputs vary for each plan member depending on the pension plan the member is enrolled in. The actuarial valuation at July 1, 2023, which was rolled forward to June 30, 2024, used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP*	PERS*	PFRS*
Salary Increases:	2.75 – 5.65%	2.75 – 6.55%	3.25 – 16.25%

* Based on service years

Mortality Rates – Preretirement 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-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

NOTE 8. POST-RETIREMENT BENEFITS, (continued):

Total Nonemployer OPEB Liability, (continued)

Experience Studies – The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF, PERS, and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Health Care Trend Assumptions – For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.93%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2025 (measurement date June 30, 2024) is as follows:

Balance, June 30, 2024	$	74,561,289
Changes for the Year:		
Service Costs		2,932,546
Interest Costs		2,830,118
Changes in Benefit Terms		
Difference between Expected and Actual Experience		1,307,068
Changes in Assumptions		6,432,130
Member Contributions		74,009
Gross Benefit Payments		(2,161,407)
Net Changes		11,414,464
Balance, June 30, 2025	$	85,975,753

NOTE 8. POST-RETIREMENT BENEFITS, (continued):

Differences between expected and actual experience reflect a decrease in liability for the measurement period from June 30, 2023 to June 30, 2024 due to combined effect of updates in census information and premium and claims experience.

Changes in assumptions reflect an increase in the liability for the measurement period from June 30, 2023 to June 30, 2024 due to the combined effect of the discount rate change and changes in the trend update.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate

The State's proportionate share of the total non-employer OPEB liability as of June 30, 2024, associated with the District, using a discounted rate of 3.93%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	Decrease 2.93%	Discount Rate 3.93%	Increase 4.93%
District's proportionate share of the pension liability	100,696,020	85,975,753	74,137,603

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates

The State's proportionate share of the total non-employer OPEB liability as of June 30, 2024, associated with the District, using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the pension liability	71,618,428	85,975,753	104,677,116

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability

OPEB Expense – For the fiscal year ended June 30, 2025, the District recognized $908,522 in OPEB revenue and expense in the government-wide financial statements for the State's proportionate share of the OPEB Plan's OEPB expense associated with the District. This revenue and expense was based on the OPEB Plan's June 30, 2024 measurement date.

NOTE 8. POST-RETIREMENT BENEFITS, (continued):

Deferred Outflows and Inflows of Resources – In accordance with GASB No. 75, the District's proportionate share of the OPEB liability is $ -0-. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the District, however, at June 30, 2025, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources associated with the District from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 9,194,094	$ 16,055,902
Changes of Assumptions	14,420,393	16,809,571
Total	$ 23,614,487	$ 32,865,473

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total non-employer OPEB liability associated with the District will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	(3,049,660)
2026	(2,557,158)
2027	(1,214,569)
2028	319,210
2029	(2,216,358)
Thereafter	(532,451)

NOTE 9. DEFERRED COMPENSATION:

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits 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 plan administrators are as follows:

Equitable
Great West
Lincoln National
Metropolitan Life
MetLife Investors
Security Benefit
VALIC (AIG)

NOTE 10. RISK MANAGEMENT:

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

Property and Liability Insurance - 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.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

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. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balances for the current and previous two years:

Fiscal Year	Interest Earnings/ District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2024-2025	$ 8,817	115,422	174,767	$ 218,094
2023-2024	6,963	79,957	54,796	268,622
2022-2023	326	85,622	67,309	236,498

NOTE 11. CAPITAL RESERVE ACCOUNT:

A capital reserve account was established by the Borough of Kinnelon Board of Education by inclusion of $100 on February 9, 1999, 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. There existed a balance of $4,810,029 in the capital reserve account at June 30, 2025.

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 department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amount 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. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

NOTE 11. CAPITAL RESERVE ACCOUNT: (continued)

The activity of the capital reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance, July 1, 2024	$ 2,442,711
Increased by:	
Interest Earnings	67,318
Deposit Approved by Resolution	2,300,000
	2,367,318
Ending Balance, June 30, 2025	$ 4,810,029

NOTE 12. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the $7,556,163 General Fund fund balance at June 30, 2025, $1,070,569 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; ($515,904 of the total restricted for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2026); $4,810,029 has been restricted for the Capital Reserve Account; $218,094 is committed to Unemployment compensation; $540,688 is assigned to encumbrances; $25,219 is assigned to designated by the BOE for subsequent year's expenditures; and $891,564 is unassigned.

Special Revenue Fund: Of the $408,255 Special Revenue Fund fund balance at June 30, 2025, $226,131 is committed to Student Groups, and $182,124 is committed for Scholarships.

NOTE 13. CALCULATION OF EXCESS SURPLUS:

In accordance with N.J.S.A. 18A:7F-7, 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 reserve General Fund 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 years' budget. The excess fund balance at June 30, 2025 is $1,070,569 of which $554,665 is the result of current year operations.

NOTE 14. INVENTORY:

Inventory in the Food Service Fund at June 30, 2025 consisted of the following:

Food	$ 18,725
Supplies	6,206
	$ 24,931

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 15. CONTINGENT LIABILITIES:

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the School District's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

NOTE 16. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through October 20, 2025, the date which the financial statements were available to be issued and additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

KINNELON BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
General Fund:					
Revenues from Local Sources:					
Local Tax Levy	40,880,984		40,880,984	40,880,984	
Tuition from Individuals	140,000		140,000	179,100	39,100
Interest Earned on Capital Reserve Funds				67,318	67,318
Other Restricted Miscellaneous Revenues				8,817	8,817
Unrestricted Miscellaneous Revenues	175,000		175,000	555,584	380,584
Total - Local Sources	41,195,984		41,195,984	41,691,803	495,819
Revenues from State Sources:					
Categorical Special Education Aid	1,899,472		1,899,472	1,899,472	
Categorical Security Aid	164,769		164,769	164,769	
Categorical Transportation Aid	1,000,531		1,000,531	1,000,531	
Extraordinary Aid	750,000		750,000	1,016,667	266,667
Non Public School Transportation				42,030	42,030
Menstrual Product Reimbursement				6,373	6,373
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				2,025,079	2,025,079
On-behalf TPAF Pension (non-budgeted)				6,845,636	6,845,636
On-behalf TPAF NCGI Premium (non-budgeted)				84,799	84,799
On-behalf TPAF LTDI				2,058	2,058
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,310,175	1,310,175
Total - State Sources	3,814,772		3,814,772	14,397,589	10,582,817
TOTAL REVENUES	45,010,756		45,010,756	56,089,392	11,078,636
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	412,155	9,030	421,185	420,712	473
Grades 1-5 - Salaries of Teachers	3,598,149	170,838	3,768,987	3,768,987	
Grades 6-8 - Salaries of Teachers	2,985,839	(131,457)	2,854,382	2,854,382	
Grades 9-12 - Salaries of Teachers	4,283,947	(188,925)	4,095,022	4,093,913	1,109
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000	1,875	11,875	5,209	6,666
Purchased Professional-Educational Services	15,500	(1,875)	13,625	9,344	4,281
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	149,115	89,067	238,182	196,123	42,059
Other Purchased Services (400-500 series)	190,293	13,700	203,993	180,714	23,279
General Supplies	631,356	(17,279)	614,077	527,879	86,198
Textbooks	51,318	400	51,718	48,734	2,984
TOTAL REGULAR PROGRAMS - INSTRUCTION	12,327,672	(54,626)	12,273,046	12,105,997	167,049
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities - Mild/Moderate					
Salaries of Teachers	352,896	(25,718)	327,178	257,055	70,123
Other Salaries for Instruction	64,770		64,770	64,609	161
General Supplies	2,850	5,000	7,850	7,008	842
Total Learning and/or Language Disabilities - Mild/Moderate	420,516	(20,718)	399,798	328,672	71,126
Auditory Impairment					
Salaries of Teachers	40,204		40,204	39,600	604
Total Auditory Impairment	40,204		40,204	39,600	604
Multiple Disabilities					
Salaries of Teachers	211,550	(12,236)	199,314	196,185	3,129
Other Salaries for Instruction	130,047	(8,800)	121,247	118,817	2,430
General Supplies		14,100	14,100	2,927	11,173
Total Multiple Disabilities	341,597	(6,936)	334,661	317,929	16,732
Resource Room/Resource Center:					
Salaries of Teachers	2,468,702	35,187	2,503,889	2,462,988	40,901
Other Salaries for Instruction	428,607	30,414	459,021	439,044	19,977
General Supplies	7,600	10,872	18,472	11,465	7,007
Total Resource Room/Resource Center	2,904,909	76,473	2,981,382	2,913,497	67,885
Autism					
Salaries of Teachers	197,619	(55,555)	142,064	109,211	32,853
Other Salaries for Instruction	160,766	(22,835)	137,931	137,680	251
General Supplies	664		664	664	
Total Autism	359,049	(78,390)	280,659	247,555	33,104

Exhibit C-1

KINNELON BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Full-Time:					
Salaries of Teachers	165,560		165,560	156,542	9,018
Other Salaries for Instruction	102,037	68,203	170,240	170,239	1
General Supplies	1,000	2,449	3,449	2,988	461
Total Preschool Disabilities - Full Time	268,597	70,652	339,249	329,769	9,480
Home Instruction:					
Salaries of Teachers	45,000	(7,800)	37,200	34,952	2,248
Purchased Professional-Educational Services	15,000	17,800	32,800	30,075	2,725
Total Home Instruction	60,000	10,000	70,000	65,027	4,973
TOTAL SPECIAL EDUCATION - INSTRUCTION	4,394,872	51,081	4,445,953	4,242,049	203,904
Basic Skills/Remedial - Instruction					
Salaries of Teachers	480,435	(10,700)	469,735	382,421	87,314
General Supplies	2,200		2,200	1,234	966
Total Basic Skills/Remedial - Instruction	482,635	(10,700)	471,935	383,655	88,280
Bilingual Education - Instruction					
Salaries of Teachers	63,457	9,700	73,157	63,601	9,556
General Supplies	200		200		200
Total Bilingual Education - Instruction	63,657	9,700	73,357	63,601	9,756
School-Sponsored Cocurricular Activities - Instruction					
Salaries	265,811	10,627	276,438	276,438	
Supplies and Materials	11,255		11,255	5,521	5,734
Other Objects	7,480	9,290	16,770	10,420	6,350
Total School-Sponsored Cocurricular Activities - Instruction	284,546	19,917	304,463	292,379	12,084
School-Sponsored Athletics - Instruction					
Salaries	588,467	(8,092)	580,375	573,187	7,188
Purchased Services (300-500 series)	192,984	(6,775)	186,209	174,319	11,890
Supplies and Materials	107,249	6,775	114,024	98,595	15,429
Other Objects	32,903		32,903	21,078	11,825
Transfers to Cover Deficit (Custodial Funds)	35,890		35,890	468	35,422
Total School-Sponsored Athletics - Instruction	957,493	(8,092)	949,401	867,647	81,754
TOTAL INSTRUCTION	18,510,875	7,280	18,518,155	17,955,328	562,827
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	106,549	(57,301)	49,248	39,938	9,310
Tuition to County Voc. School Dist. - Regular	156,670	59,899	216,569	196,319	20,250
Tuition to County Voc. School Dist. - Special	54,051	(34,899)	19,152	15,087	4,065
Tuition to CSSD & Regional Day Schools		166,195	166,195	84,531	81,664
Tuition to Private Schools for the Disabled - Within State	1,401,582	(133,894)	1,267,688	1,256,820	10,868
Total Undistributed Expenditures - Instruction:	1,718,852		1,718,852	1,592,695	126,157
Undistributed Expend. - Attend. & Social Work					
Salaries	33,865	300	34,165	34,135	30
Total Undistributed Expend. - Attend. & Social Work	33,865	300	34,165	34,135	30
Undist. Expend. - Health Services					
Salaries	513,126	(13,712)	499,414	450,482	48,932
Purchased Professional and Technical Services	34,026	4,285	38,311	25,332	12,979
Supplies and Materials	8,600	200	8,800	7,596	1,204
Supplies - Menstrual Products		10,000	10,000	6,832	3,168
Total Undistributed Expenditures - Health Services	555,752	773	556,525	490,242	66,283
Undist. Expend. - Speech, OT, PT & Related Svcs.					
Salaries	527,762	13,103	540,865	529,978	10,887
Purchased Prof. Services-Educational Services	77,958	116,123	194,081	189,478	4,603
Supplies and Materials	6,110	3,430	9,540	5,169	4,371
Total Undist. Expend. - Speech, OT, PT, & Related Svcs	611,830	132,656	744,486	724,625	19,861
Undist. Expend. - Other Supp. Serv. Students-Extra Serv.					
Salaries	541,721	(833)	540,888	435,041	105,847
Purchased Prof. Services-Educational Services	484,433	(60,854)	423,579	343,474	80,105
Total Undist. Expend. - Other Supp. Serv. Students-Extra Svcs.	1,026,154	(61,687)	964,467	778,515	185,952
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	847,253	2,209	849,462	848,514	948
Salaries of Secretarial and Clerical Assistants	132,060	562	132,622	132,426	196
Supplies and Materials	20,179	50	20,229	14,020	6,209
Total Undist. Expend. - Guidance	999,492	2,821	1,002,313	994,960	7,353

Exhibit C-1

KINNELON BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Child Study Teams					
Salaries of Other Professional Staff	966,883	(151,628)	815,255	792,040	23,215
Salaries of Secretarial and Clerical Assistants	107,545	51	107,596	104,967	2,629
Purchased Prof. Services-Educational Services	29,000	(9,000)	20,000	13,202	6,798
Misc. Pur Services (400-500 Series)	32,500	4,000	36,500	24,425	12,075
Supplies and Materials	11,298	3,000	14,298	10,424	3,874
Other Objects	2,000	2,000	4,000	2,759	1,241
Total Undist. Expend. - Other Supp. Serv. Child Study Teams	1,149,226	(151,577)	997,649	947,817	49,832
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	276,692	1,172	277,864	277,864	
Salaries of Other Professional Staff	72,955	226	73,181	73,181	
Purchased Prof. Services-Educational Services	6,295		6,295	5,080	1,215
Other Purch Services (400-500)	6,550	(510)	6,040	678	5,362
Supplies and Materials	151,224	27,284	178,508	178,383	125
Other Objects	4,672		4,672	2,140	2,532
Total Undist. Expend. - Improvement of Inst. Services	518,388	28,172	546,560	537,326	9,234
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	442,938	314	443,252	443,252	
Salaries of Technology Coordinators	220,275	(314)	219,961	219,062	899
Supplies and Materials	40,740		40,740	38,758	1,982
Total Undist. Expend. - Educational Media Serv./Sch. Library	703,953		703,953	701,072	2,881
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Other Professional Staff	30,000	(1,398)	28,602	7,261	21,341
Purchased Prof. Services-Educational Services	9,050		9,050	174	8,876
Supplies and Materials	1,000		1,000	315	685
Total Undist. Expend. - Instructional Staff Training Serv.	40,050	(1,398)	38,652	7,750	30,902
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	311,454	1,973	313,427	313,427	
Legal Services	90,000	(3,204)	86,796	58,098	28,698
Audit Fees	54,000		54,000	37,500	16,500
Other Purchased Professional Services	24,381		24,381	2,274	22,107
Communications/Telephone	137,400	48,625	186,025	164,868	21,157
BOE Other Purchased Services	2,800	1,231	4,031	3,762	269
Other Purch Services (400-500 Series)	6,525		6,525	4,965	1,560
General Supplies	2,000		2,000	892	1,108
Judgements against the School District	25,000		25,000		25,000
Misc. Expenditures	4,125		4,125	3,783	342
BOE Membership Dues and Fees	18,000		18,000	17,804	196
Total Undist. Expend. - Supp. Serv. - General Administration	675,685	48,625	724,310	607,373	116,937
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	1,151,236	28,085	1,179,321	1,179,074	247
Salaries of Secretarial and Clerical Assistants	404,338	1,088	405,426	398,038	7,388
Purchased Prof. and Tech. Services	86,283		86,283	77,316	8,967
Other Purchased Services (400-500 series)	108,274		108,274	73,971	34,303
Supplies and Materials	15,663		15,663	11,110	4,553
Other Objects	13,645		13,645	8,884	4,761
Total Undist. Expend. - Support Serv. - School Administration	1,779,439	29,173	1,808,612	1,748,393	60,219
Undist. Expend. - Support Serv. - Central Services					
Salaries	416,513		416,513	376,308	40,205
Purchased Professional Services	20,500	(6,874)	13,626	11,170	2,456
Purchased Technical Services	51,900	7,154	59,054	59,051	3
Misc. Pur Services (400-500 Series)	13,920		13,920	11,113	2,807
Supplies and Materials	14,544		14,544	11,055	3,489
Other Objects	3,725	(280)	3,445	2,510	935
Total Undist. Expend. - Support Serv. - Central Services	521,102		521,102	471,207	49,895
Undist. Expend. - Admin Info. Technology					
Information Technology					
Salaries	87,630		87,630	85,075	2,555
Purchased Technical Services	5,500	12,763	18,263	18,262	1
Total Undist. Expend. - Support Serv. - Administrative Information Technology	93,130	12,763	105,893	103,337	2,556

Exhibit C-1

KINNELON BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. for School Facilities (261)					
Salaries	219,838	(7,006)	212,832	185,914	26,918
Cleaning, Repair and Maintenance Services	251,645	4,500	256,145	181,701	74,444
General Supplies	58,589	(2,500)	56,089	38,872	17,217
Undist. Expend. - Required Maint. for School Facilities	530,072	(5,006)	525,066	406,487	118,579
Undist. Expend. - Custodial Services (262)					
Salaries	1,182,883	105,361	1,288,244	1,257,574	30,670
Salaries of Non-Instructional Aides	99,458	(99,458)			
Purchased Professional and Technical Services	55,721	15,926	71,647	29,194	42,453
Cleaning, Repair and Maintenance Services	186,309	101,000	287,309	239,550	47,759
Other Purchased Property Services	180,199	(401)	179,798	148,205	31,593
Insurance	472,000	(900)	471,100	460,799	10,301
General Supplies	122,448		122,448	102,865	19,583
Energy (Energy and Electricity)	512,828	(20,566)	492,262	290,275	201,987
Energy (Natural Gas)	295,000		295,000	239,992	55,008
Other Objects	23,787		23,787	11,769	12,018
Total Undist. Expend. - Custodial Services	3,130,633	100,962	3,231,595	2,780,223	451,372
Undist. Expend. - Care & Upkeep of Grounds (263)					
Salaries	158,965	1,103	160,068	131,307	28,761
Cleaning, Repair and Maintenance Services	121,350	(11,253)	110,097	56,194	53,903
General Supplies	59,524	(5,050)	54,474	30,893	23,581
Total Undist. Expend. - Care & Upkeep of Grounds	339,839	(15,200)	324,639	218,394	106,245
Undist. Expend. - Security					
Salaries	76,517	1,126	77,643	77,643	
Purchased Professional and Technical Services	157,500	32,111	189,611	185,609	4,002
General Supplies	61,902	(7,876)	54,026	21,821	32,205
Other Objects		1,640	1,640	1,640	
Total Undist. Expend. - Security	295,919	27,001	322,920	286,713	36,207
Undist. Expend. - Student Transportation Services (270)					
Salaries of Non-Instructional Aides	20,000	(11,650)	8,350		8,350
Salaries for Pupil Trans (Bet. Home & Sch.) - Reg	509,758	35,650	545,408	533,682	11,726
Other Purchased Prof. and Tech. Services	7,450	6,650	14,100	13,995	105
Cleaning, Repair and Maintenance Services	56,293	9,000	65,293	55,777	9,516
Lease Purchase Payments - School Buses	50,000		50,000		50,000
Contract Services - Aid in Lieu Pymts - NonPub School	106,650		106,650	102,206	4,444
Contract Services (Between Home & School)-Vendors	1,337,403		1,337,403	1,274,036	63,367
Contract Services (Other than Between Home & School)-Vendors	86,965	(650)	86,315	65,376	20,939
Contract Services (Spl. Ed. Students)-ESCs&CTSAs	1,099,741		1,099,741	1,068,556	31,185
Misc. Purchased Services - Transportation	7,932		7,932	2,689	5,243
General Supplies	81,975	(4,000)	77,975	51,576	26,399
Other Objects	1,625		1,625	910	715
Total Undist. Expend. - Student Transportation Services	3,365,792	35,000	3,400,792	3,168,803	231,989
UNALLOCATED BENEFITS					
Social Security Contributions	530,000	9,310	539,310	539,310	
Other Retirement Contributions-PERS	736,456	51,000	787,456	783,222	4,234
Unemployment Compensation		34,184	34,184	34,184	
Workmen's Compensation	211,355	(11,300)	200,055	178,338	21,717
Health Benefits	6,774,599	(245,156)	6,529,443	6,491,467	37,976
Tuition Reimbursements	157,427	(26,726)	130,701	85,593	45,108
Other Employee Benefits	102,900	1,300	104,200	32,578	71,622
Unused Sick Payment to Terminated/Retired Staff	45,713	69,735	115,448	115,448	
TOTAL UNALLOCATED BENEFITS	8,558,450	(117,653)	8,440,797	8,260,140	180,657
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				2,025,079	(2,025,079)
On-behalf TPAF Pension (non-budgeted)				6,845,636	(6,845,636)
On-behalf TPAF NCGI Premium (non-budgeted)				84,799	(84,799)
On-behalf TPAD LTDI				2,058	(2,058)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,310,175	(1,310,175)
TOTAL ON-BEHALF CONTRIBUTIONS				10,267,747	(10,267,747)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	8,558,450	(117,653)	8,440,797	18,527,887	(10,087,090)
TOTAL UNDISTRIBUTED EXPENDITURES	26,647,623	65,725	26,713,348	35,127,954	(8,414,606)
TOTAL GENERAL CURRENT EXPENSE	45,158,498	73,005	45,231,503	53,083,282	(7,851,779)

KINNELON BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Grades 1-5	7,000		7,000		7,000
Grades 6-8	32,000		32,000	23,000	9,000
Grades 9-12	121,538	17,565	139,103	120,363	18,740
Undist. Expend. - Central Services		9,745	9,745	9,745	
Undist. Expend. - Required Maint for School Fac.	56,136	58,969	115,105	30,912	84,193
Undist. Expend. - Care and Upkeep of Grounds	9,000	8,400	17,400	17,400	
Undist. Expend. - Security	647,397	(8,500)	638,897	615,767	23,130
Total Equipment	873,071	86,179	959,250	817,187	142,063
Facilities Acquisition and Construction Services					
Architectural/Engineering Services					
Other Purchased Prof. and Tech. Services	31,500	(31,500)			
Construction Services	55,000	31,500	86,500		86,500
Assessment for Debt Service on SDA Funding	58,083		58,083	58,083	
Total Facilities Acquisition and Construction Services	144,583		144,583	58,083	86,500
TOTAL CAPITAL OUTLAY	1,017,654	86,179	1,103,833	875,270	228,563
TOTAL EXPENDITURES	46,176,152	159,184	46,335,336	53,958,552	(7,623,216)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,165,396)	(159,184)	(1,324,580)	2,130,840	3,455,420
Other Financing Sources/(Uses):					
Operating Transfer Out:					
Capital Reserve to Capital Projects	(1,372,500)		(1,372,500)		1,372,500
Total Other Financing Sources/(Uses):	(1,372,500)		(1,372,500)		1,372,500
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(2,537,896)	(159,184)	(2,697,080)	2,130,840	4,827,920
Fund Balance, July 1	5,716,272		5,716,272	5,716,272	
Fund Balance, June 30	3,178,376	(159,184)	3,019,192	7,847,112	4,827,920
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(946,170)		(946,170)	(946,170)	
Increase in Capital Reserve:					
Principal				2,300,000	2,300,000
Interest Deposit to Capital Reserve				67,318	67,318
Withdrawal from Capital Reserve	(1,372,500)		(1,372,500)		1,372,500
Unemployment Compensation Activity		(34,184)	(34,184)	(34,184)	
Budgeted Fund Balance	(219,226)	(125,000)	(344,226)	743,876	1,088,102
	(2,537,896)	(159,184)	(2,697,080)	2,130,840	4,827,920
Recapitulation:					
Restricted Fund Balance:					
Legally Restricted - Excess Surplus				554,665	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures				515,904	
Capital Reserve				4,810,029	
Unemployment Compensation				218,094	
Assigned Fund Balance:					
Year-end Encumbrances				540,688	
Designated for Subsequent Year's Expenditures				25,219	
Unassigned Fund Balance				1,182,513	
Total Fund Balance per Governmental Funds (Budgetary)				7,847,112	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				290,949	
Total Fund Balance per Governmental Funds (GAAP)				7,556,163	

Exhibit C-2

KINNELON BOROUGH BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual	
REVENUES:						
Local Sources		-		520,075	520,075	note 1
Federal Sources	472,070	133,782	605,852	515,588	(90,264)	
Total Revenues	472,070	133,782	605,852	1,035,663	429,811	
EXPENDITURES:						
Instruction:						
Salaries of Teachers		98,940	98,940	49,517	49,423	
Other Purchased Services (400-500 series)	392,070	(8,941)	383,129	374,311	8,818	
General Supplies	45,000	19,032	64,032	46,236	17,796	
Other Objects		-		6,953	(6,953)	
Total instruction	437,070	109,031	546,101	477,017	69,084	
Support services:						
Purchased Professional - Educational Services	35,000	24,751	59,751	45,524	14,227	
Scholarships Awarded		-		58,000	(58,000)	note 1
Student Activity Disbursements		-		427,420	(427,420)	note 1
Total support services	35,000	24,751	59,751	530,944	(471,193)	
Facilities acquisition and const. serv.:						
Noninstructional Equipment		-		-	-	
Total facilities acquisition and const. serv.	-	-	-	-	-	
Total Expenditures	472,070	133,782	605,852	1,007,961	(402,109)	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	27,702	27,702	
Fund Balance, July 1				380,553		
Fund Balance, June 30				408,255		
Recapitulation:						
Restricted:						
Scholarships				$ 182,124		
Student Activities				226,131		
Total Fund Balance				$ 408,255		

note 1 Not required to budget for student activity or scholarship funds

REQUIRED SUPPLEMENTARY INFORMATION - PART III

Exhibit C-3

KINNELON BOROUGH BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information - Part II
Fiscal Year Ended June 30, 2025

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	**[C-1]&[C-2]**	56,089,392	1,035,663
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Prior Year			56,466
Current Year			(13,218)
The last state aid payment is recognized for GAAP Statements in the current year, previously recognized for budgetary purposes		273,711	
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).		(290,949)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	**[B-2]**	56,072,154	1,078,911
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	**[C-1]&[C-2]**	53,958,552	1,007,961
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.			
Prior Year			56,466
Current Year			(13,218)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	**[B-2]**	53,958,552	1,051,209

Exhibit L-1

KINNELON BOROUGH BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - PERS
Last 10 Fiscal Years

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll - PERS Employee's	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0437210765%	$ 9,814,506	$ 3,155,047	311.07%	52.07%
2017	0.0460686155%	13,644,203	3,306,119	412.70%	59.86%
2018	0.0486587120%	11,326,970	3,307,672	342.45%	51.90%
2019	0.0488400797%	9,616,369	3,558,963	270.20%	46.40%
2020	0.0505060404%	9,100,422	3,656,473	248.89%	43.43%
2021	0.0517121647%	8,432,902	3,860,962	218.41%	41.35%
2022	0.0535708572%	6,346,271	3,982,027	159.37%	29.35%
2023	0.0536532303%	8,097,011	4,070,338	198.93%	36.78%
2024	0.0536655721%	7,773,122	4,221,233	184.14%	34.48%
2025	0.0563992397%	7,663,555	4,341,892	176.50%	31.52%

Exhibit L-2

KINNELON BOROUGH BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
Last 10 Fiscal Years

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relations to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's PERS Covered-Employee Payroll	Contributions as a Percentage of PERS Covered-Employee Payroll
2016	$ 375,884	$ (375,884)	$ -	$ 3,306,119	11.37%
2017	$ 409,267	$ (409,267)	$ -	$ 3,307,672	12.37%
2018	$ 469,189	$ (469,189)	$ -	$ 3,558,963	13.18%
2019	$ 488,289	$ (488,289)	$ -	$ 3,656,473	13.35%
2020	$ 493,688	$ (493,688)	$ -	$ 3,860,962	12.79%
2021	$ 583,639	$ (583,639)	$ -	$ 3,982,027	14.66%
2022	$ 627,377	$ (627,377)	$ -	$ 4,070,338	15.41%
2023	$ 676,593	$ (676,593)	$ -	$ 4,221,233	16.03%
2024	$ 717,255	$ (717,255)	$ -	$ 4,341,892	16.52%
2025	$ 767,436	$ (767,436)	$ -	$ 4,205,725	18.25%

KINNELON BOROUGH BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - TPAF
Last 10 Fiscal Years

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payroll - TPAF Employee's	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	State's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.1573076996%	$ -	$ 99,425,184	$ 16,179,613	0.00%	614.51%	28.71%
2017	0.1598515577%	-	125,749,413	16,525,816	0.00%	760.93%	22.33%
2018	0.1616932703%	-	109,019,433	16,880,904	0.00%	645.82%	25.41%
2019	0.1663393125%	-	105,821,498	16,865,034	0.00%	627.46%	26.49%
2020	0.1621803979%	-	99,531,641	17,815,642	0.00%	558.68%	26.95%
2021	0.1635896643%	-	107,721,826	18,279,018	0.00%	589.32%	24.60%
2022	0.1664544814%	-	80,023,306	18,094,806	0.00%	442.24%	35.52%
2023	0.1623430235%	-	83,759,935	18,702,512	0.00%	447.85%	32.29%
2024	0.1618343164%	-	82,588,372	18,927,011	0.00%	436.35%	34.68%
2025	0.1626405687%	-	80,385,274	19,442,153	0.00%	413.46%	37.99%

KINNELON BOROUGH BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of the School District's Contribution
Teacher's Pension and Annuity Fund (TPAF)
Last 10 Fiscal Years

This schedule is not applicable.

The School District is not required to make any contribution towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required' contributions.

Exhibit L-5

KINNELON BOROUGH BOARD OF EDUCATION
Note to Required Schedules of Supplementary Information - Part III
Fiscal Year Ended June 30, 2025

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

None

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

None

Exhibit M-1

KINNELON BOROUGH BOARD OF EDUCATION
Schedule of Required Supplementary Information
Schedule of Changes in the District's Proportionate Share of the State OPEB Liability
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Costs	$ 2,932,546	$ 2,905,709	$ 3,895,281	$ 4,327,338	$ 2,388,081	$ 2,334,677	$ 2,669,302	$ 3,213,423
Interest on Total OPEB Liability	2,830,118	2,625,957	1,922,055	2,247,672	2,100,868	2,532,735	2,768,332	2,391,220
Changes of Benefit Terms				(92,223)				
Difference between Expected and Actual Expenditures	1,307,068	(1,668,332)	1,363,525	(13,876,054)	16,880,076	(9,533,529)	(7,949,087)	
Changes in Assumptions	6,432,130	150,285	(19,456,113)	85,482	17,474,934	871,304	(7,341,194)	(9,968,959)
Gross Benefit Payments	(2,161,407)	(2,046,977)	(1,903,852)	(1,770,536)	(1,665,470)	(1,793,850)	(1,710,609)	(1,748,205)
Contribution from the Member	74,009	67,294	61,077	57,462	50,480	53,175	59,121	64,373
Net Changes in total Share of OPEB Liability	11,414,464	2,033,936	(14,118,027)	(9,020,859)	37,228,969	(5,535,488)	(11,504,135)	(6,048,148)
Total OPEB Liability - Beginning	74,561,289	72,527,353	86,645,380	95,666,239	58,437,270	63,972,758	75,476,893	81,525,041
Total OPEB Liability - Ending	$ 85,975,753	$ 74,561,289	$ 72,527,353	$ 86,645,380	$ 95,666,239	$ 58,437,270	$ 63,972,758	$ 75,476,893
District's Proportionate Share of OPEB Liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's Proportionate Share of OPEB Liability	85,975,753	74,561,289	72,527,353	86,645,380	95,666,239	58,437,270	63,972,758	75,476,893
Total OPEB Liability - Ending	$ 85,975,753	$ 74,561,289	$ 72,527,353	$ 86,645,380	$ 95,666,239	$ 58,437,270	$ 63,972,758	$ 75,476,893
District's Covered Employee Payroll	$ 23,784,045	$ 23,148,244	$ 22,772,850	$ 22,076,833	$ 22,139,980	$ 21,472,115	$ 20,423,997	$ 20,188,576
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%

Notes to Schedule:

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

Change in benefit terms — Decrease in liability due to employers adopting provisions of Chapter 44.

Change in assumptions — Assumptions used in calculating the OPEB liability are presented in Note 8.

* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Other Supplementary Information

SPECIAL REVENUE FUND

Exhibit E-1

KINNELON BOROUGH BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2025

	Total Brought Forward (Ex. E-1a)	I.D.E.A Part B		ESEA Title I, Part A	ESEA Title II, Part A Teacher & Principal Training & Recruiting	Totals 2025
		Basic	Preschool			
REVENUES						
Local Sources	520,075					520,075
Federal Sources	33,763	392,629	14,865	43,672	30,659	515,588
Total Revenues	553,838	392,629	14,865	43,672	30,659	1,035,663
EXPENDITURES:						
Instruction:						
Salaries of Teachers	30,194			19,323		49,517
Other Purchased Services (400-500 series)	-	374,311				374,311
General Supplies	3,569	18,318		24,349		46,236
Other Objects	6,953					6,953
Total instruction	40,716	392,629	-	43,672	-	477,017
Support services:						
Purchased Professional - Educational Services	-		14,865		30,659	45,524
Scholarships Awarded	58,000					58,000
Student Activities	427,420					427,420
Total support services	485,420	-	14,865	-	30,659	530,944
Total Expenditures	526,136	392,629	14,865	43,672	30,659	1,007,961
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	27,702	-	-	-	-	27,702
Fund Balance, July 1	380,553					380,553
Fund Balance, June 30	408,255	-	-	-	-	408,255

Exhibit E-1a

KINNELON BOROUGH BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2025

	Total Brought Forward (Ex. E-1b)	ESEA Title III Immigrant	ESEA Title IV	NJ High Impact Tutoring	Local Grants	Total Carried Forward
REVENUES						
Local Sources	513,122				6,953	520,075
Federal Sources	-	709	9,835	23,219		33,763
Total Revenues	513,122	709	9,835	23,219	6,953	553,838
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-		6,975	23,219		30,194
Other Purchased Services (400-500 series)	-					-
General Supplies	-	709	2,860			3,569
Other Objects	-				6,953	6,953
Total instruction	-	709	9,835	23,219	6,953	40,716
Support services:						
Purchased Professional - Educational Services	-					-
Scholarships Awarded	58,000					58,000
Student Activities	427,420					427,420
Total support services	485,420	-	-	-	-	485,420
Total Expenditures	485,420	709	9,835	23,219	6,953	526,136
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	27,702	-	-	-	-	27,702
Fund Balance, July 1	380,553					380,553
Fund Balance, June 30	408,255	-	-	-	-	408,255

Exhibit E-1b

KINNELON BOROUGH BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2025

	Student Activity Account	Athletic Account	Sports Camp	Scholarships	Total Carried Forward
REVENUES					
Local Sources	425,717	41,037	364	46,004	513,122
Federal Sources					-
Total Revenues	425,717	41,037	364	46,004	87,405
EXPENDITURES:					
Instruction:					
Salaries of Teachers					-
Other Purchased Services (400-500 series)					-
General Supplies					-
Other Objects					-
Total instruction	-	-	-	-	-
Support services:					
Purchased Professional - Educational Services					-
Scholarships Awarded				58,000	58,000
Student Activities	386,514	40,906			427,420
Total support services	386,514	40,906	-	58,000	485,420
Total Expenditures	386,514	40,906	-	58,000	485,420
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	39,203	131	364	(11,996)	27,702
Fund Balance, July 1	176,614	15	9,804	194,120	380,553
Fund Balance, June 30	215,817	146	10,168	182,124	408,255

CAPITAL PROJECTS FUND

Exhibit F-1

KINNELON BOROUGH BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budgetary Basis
Fiscal Year Ended June 30, 2025

Revenues and Other Financing Sources	
State Sources - SCC Grant	-
Bond proceeds and transfers	-
Transfers from Capital Reserve	-
Transfers from Capital Outlay	-
Interest on Investments	-
	-
Expenditures and Other Financing Uses	
Purchased professional and technical services	174,222
Land and improvements	-
Construction services	1,832,102
General supplies	-
Equipment purchases	-
Transfer to General Fund	-
	2,006,324
Excess (deficiency) of revenues over (under) expenditures	(2,006,324)
Fund balance - beginning	3,049,186
Fund balance - ending	1,042,862

Exhibit F-1a

KINNELON BOROUGH BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Kiel Elementary School Roof Replacement
Fiscal Year Ended June 30, 2025

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	325,000		325,000	325,000
Bond proceeds and transfers			-	
Transfers from Capital Reserve	487,500		487,500	487,500
Transfers from Capital Outlay			-	-
	812,500	-	812,500	812,500
Expenditures and Other Financing Uses				
Purchased professional and technical services	50,814	8,599	59,413	162,500
Land and improvements			-	-
Construction services		490,657	490,657	650,000
General supplies			-	
Equipment purchases			-	-
	50,814	499,256	550,070	812,500
Excess (deficiency) of revenues over (under) expenditures	761,686	(499,256)	262,430	-

Additional project information:

Project number	2460-060-23-R501
Grant date	12/14/2023
Bond authorization date	n/a
Bonds authorized	n/a
Bonds issued	n/a
Original authorization cost	812,500
Additional authorized cost	
Revised authorized cost	812,500
Percentage increase over original authorized cost	-
Percentage completion	68%
Original target completion date	6/30/2025
Revised target completion date	6/30/2025

Exhibit F-1b

KINNELON BOROUGH BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Stonybrook Elementary School Roof Replacement
Fiscal Year Ended June 30, 2025

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	915,000		915,000	915,000
Bond proceeds and transfers			-	
Transfers from Capital Reserve	1,372,500		1,372,500	1,372,500
Transfers from Capital Outlay			-	-
	2,287,500	-	2,287,500	2,287,500
Expenditures and Other Financing Uses				
Purchased professional and technical services		165,623	165,623	457,500
Land and improvements			-	-
Construction services		1,341,445	1,341,445	1,830,000
General supplies			-	
Equipment purchases			-	-
	-	1,507,068	1,507,068	2,287,500
Excess (deficiency) of revenues over (under) expenditures	2,287,500	(1,507,068)	780,432	-

Additional project information:	
Project number	2460-070-23-R501
Grant date	12/14/2023
Bond authorization date	n/a
Bonds authorized	n/a
Bonds issued	n/a
Original authorization cost	2,287,500
Additional authorized cost	
Revised authorized cost	2,287,500
Percentage increase over original authorized cost	-
Percentage completion	66%
Original target completion date	6/30/2025
Revised target completion date	6/30/2025

Exhibit F-2

KINNELON BOROUGH BOARD OF EDUCATION
Capital Projects Fund
Summary Statement of Project Expenditures
Fiscal Year Ended June 30, 2025

			Expenditures to Date		Unexpended
Project Title/Issue	Date	Appropriations	Prior Years	Current Year	Balance June 30, 2025
Kiel Elementary School Roof Replacement	14-Dec-23	812,500	50,814	499,256	262,430
Stonybrook Elementary School Roof Replacement	14-Dec-23	2,287,500	-	1,507,068	780,432
		3,100,000	50,814	2,006,324	1,042,862

PROPRIETARY FUNDS

Exhibit G-1

KINNELON BOROUGH BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2025

	Food Service Program	Enrichment Program	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	246,568	88,158	334,726
Accounts receivable:			
State	224		224
Federal	2,817		2,817
Interfund - General Fund	15,631		15,631
Inventories	24,931		24,931
Total current assets	290,171	88,158	378,329
Noncurrent assets:			
Capital assets:			
Equipment	457,485		457,485
Less accumulated depreciation	(373,132)		(373,132)
Total capital assets (net of accumulated depreciation)	84,353	-	84,353
Total assets	374,524	88,158	462,682
LIABILITIES			
Current liabilities:			
Unearned revenue	4,653		
Prepaid Revenue	26,333		26,333
Total current liabilities	30,986	-	26,333
Total liabilities	30,986	-	26,333
NET POSITION			
Net investment in capital assets	84,353	-	84,353
Unrestricted	259,185	88,158	347,343
Total net position	343,538	88,158	431,696

Exhibit G-2

KINNELON BOROUGH BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2025

	Food Service Program	Enrichment Program	Totals
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	280,152		280,152
Daily sales - non-reimbursable programs	273,035		273,035
Special functions	9,820		9,820
Total operating revenues	563,007	-	563,007
Operating expenses:			
Cost of sales - reimbursable programs	142,561		142,561
Cost of sales - non-reimbursable programs	120,466		120,466
Salaries	241,263		241,263
Benefits	76,851		76,851
Supplies and materials	35,824		35,824
Purchased property services	25,608		25,608
Other expenses	25,688		25,688
Depreciation	5,785		5,785
Total operating expenses	674,046	-	674,046
Operating income (loss)	(111,039)	-	(111,039)
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	4,844		4,844
P-EBT Administrative Cost	321		321
Federal sources:			
National school lunch program	61,740		61,740
Supply Chain Assistance	10,716		10,716
P-EBT Administrative Cost	321		321
Food distribution program	46,445		46,445
Interest Income	948	3,448	4,396
Total nonoperating revenues (expenses)	125,335	3,448	128,783
Income (loss) before contributions & transfers	14,296	3,448	17,744
Total net position—beginning	329,242	84,710	413,952
Total net position—ending	343,538	88,158	431,696

Exhibit G-3

KINNELON BOROUGH BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2025

	Food Service Program	Enrichment Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	566,932		566,932
Payments to suppliers	(633,278)		(633,278)
Net cash provided by (used for) operating activities	(66,346)	-	(66,346)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	5,189		5,189
Federal Sources	61,811		61,811
Interfund Activity	2,638		2,638
Net cash provided by (used for) non-capital financing activities	69,638	-	69,638
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	948	3,448	4,396
Miscellaneous - prior year void	128		128
Net cash provided by (used for) investing activities	1,076	3,448	4,524
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(61,500)		(61,500)
Net cash provided by (used for) capital and related financing activities	(61,500)	-	(61,500)
Net increase (decrease) in cash and cash equivalents	(57,132)	3,448	(53,684)
Balances—beginning of year	303,700	84,710	388,410
Balances—end of year	246,568	88,158	334,726
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(111,039)	-	(111,039)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation and net amortization	5,785		5,785
Food Distribution Program	50,127		50,127
(Increase) decrease in inventories	(10,367)		(10,367)
Increase (decrease) in unearned revenue	(852)		(852)
Total adjustments	44,693	-	44,693
Net cash provided by (used for) operating activities	(66,346)	-	(66,346)

LONG-TERM DEBT

Exhibit I-1

KINNELON BOROUGH BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2025

Issue	Date of Loan	Amount of Loan	Principal Payment Date	Principal Payment Amount	Interest Rate	Balance, June 30, 2024	Issued	Retired	Balance, June 30, 2025
Refunding Bond of 2006/2007 Issues	February 10, 2015	11,230,000	01/15/26	1,015,000	5.00%	10,980,000		10,980,000	-
			01/15/27	1,120,000	4.25%				
			01/15/28	1,215,000	5.00%				
			01/15/29	1,285,000	4.50%				
			01/15/30	1,325,000	4.50%				
			01/15/31	1,345,000	4.75%				
			01/15/32	1,370,000	4.75%				
			01/15/33	1,395,000	4.75%				
Refunding Bond, Series 2024	November 5, 2024	10,005,000	02/01/26	1,090,000	2.00%		10,005,000	65,000	9,940,000
			02/01/27	1,165,000	2.00%				
			02/01/28	1,235,000	2.00%				
			02/01/29	1,270,000	4.00%				
			02/01/30	1,275,000	4.00%				
			02/01/31	1,290,000	4.00%				
			02/01/32	1,300,000	4.00%				
			02/01/33	1,315,000	4.00%				
						$ 10,980,000	10,005,000	11,045,000	9,940,000
							Cash	$ 975,000	
							Refunding Bond	10,070,000	
								$ 11,045,000	

Exhibit I-2

KINNELON BOROUGH BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Obligations Under Lease-Purchase Agreements
June 30, 2025

Issue	Date of Lease	Amount of Lease	Principal Payment Date	Principal Payment Amount	Interest Rate	Issued	Retired	Balance, June 30, 2025
Capital Leases								
Security Cameras	June 15, 2023	130,741				62,302	62,302	-
550 HP Chromebooks	August 3, 2023	172,351	8/1/25	43,088	n/a	129,264	43,088	86,176
			8/1/26	43,088	n/a			
Music Equipment	October 18, 2023	30,532	5/1/26	5,199	15.148%	22,594	4,515	18,079
			5/1/27	5,986	15.148%			
			5/1/28	6,894	15.148%			
						$ 214,160	109,905	104,255

Exhibit I-3

KINNELON BOROUGH BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	1,248,512		1,248,512	1,248,512	-
Total - Local Sources	1,248,512	-	1,248,512	1,248,512	-
State Sources:					
Debt Service Aide Type II	178,763		178,763	178,763	-
Total - State Sources	178,763	-	178,763	178,763	-
Total Revenues	**1,427,275**	**-**	**1,427,275**	**1,427,275**	**-**
EXPENDITURES:					
Regular Debt Service:					
Interest	517,275	(65,000)	452,275	353,938	(98,337)
Redemption of Principal	910,000	65,000	975,000	975,000	-
Total Regular Debt Service	1,427,275	-	1,427,275	1,328,938	(98,337)
Total expenditures	**1,427,275**	**-**	**1,427,275**	**1,328,938**	**(98,337)**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	98,337	98,337
Other Financing Sources:					
Proceeds from Refunding Bond				7,395	7,395
Total Other Financing Sources	-	-	-	7,395	7,395
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	105,732	105,732
Fund Balance, July 1	-		-	-	-
Fund Balance, June 30	-	-	-	105,732	105,732
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance				98,337	98,337
	-	-	-	98,337	98,337

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

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

Exhibit J-1

Kinnelon Board of Education
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Invested in capital assets	$ 19,322,431	$ 19,646,697	$ 22,277,585	$ 22,001,528	$ 21,716,861	$ 21,458,097	$ 21,147,367	$ 21,062,961	$ 20,014,575	$ 28,938,209
Restricted	1,119,539	1,295,938	2,153,249	2,263,871	2,895,938	3,723,351	4,152,200	4,497,102	7,797,211	8,221,448
Unrestricted	(6,829,262)	(7,736,429)	(11,530,632)	(10,975,011)	(10,916,263)	(10,064,864)	(8,164,853)	(7,382,417)	(7,733,044)	(8,280,992)
Total governmental activities net position	$ 13,612,708	$ 13,206,206	$ 12,900,202	$ 13,290,388	$ 13,696,536	$ 15,116,584	$ 17,134,714	$ 18,177,646	$ 20,078,742	$ 28,878,665
Business-type activities										
Invested in capital assets	$ 70,392	$ 56,397	$ 43,823	$ 50,261	$ 46,847	$ 39,291	$ 37,088	$ 72,337	$ 28,638	$ 84,353
Restricted										
Unrestricted	274,845	312,481	355,557	339,721	270,174	142,658	348,014	342,487	385,314	347,343
Total business-type activities net position	$ 345,237	$ 368,878	$ 399,380	$ 389,982	$ 317,021	$ 181,949	$ 385,102	$ 414,824	$ 413,952	$ 431,696
District-wide										
Invested in capital assets	$ 19,392,823	$ 19,703,094	$ 22,321,408	$ 22,051,789	$ 21,763,708	$ 21,497,388	$ 21,184,455	$ 21,135,298	$ 20,043,213	$ 29,022,562
Restricted	1,119,539	1,295,938	2,153,249	2,263,871	2,895,938	3,723,351	4,152,200	4,497,102	7,797,211	8,221,448
Unrestricted	(6,554,417)	(7,423,948)	(11,175,075)	(10,635,290)	(10,646,089)	(9,922,206)	(7,816,839)	(7,039,930)	(7,347,730)	(7,933,649)
Total district net position	$ 13,957,945	$ 13,575,084	$ 13,299,582	$ 13,680,370	$ 14,013,557	$ 15,298,533	$ 17,519,816	$ 18,592,470	$ 20,492,694	$ 29,310,361

Source: ACFR Exhibit A-1

Exhibit J-2

Kinnelon Board of Educatior
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities										
Instruction										
Regular	$ 19,783,406	$ 21,089,444	$ 21,601,378	$ 19,088,105	$ 18,550,528	$ 19,465,268	$ 18,966,625	$ 18,937,800	$ 13,794,430	$ 12,593,860
Special education	5,415,147	6,247,293	6,282,372	6,155,701	6,348,241	6,575,280	6,315,666	6,394,688	5,364,959	4,883,308
Other special education	659,958	818,422	910,277	809,382	786,492	791,791	767,054	723,896	527,715	465,379
Other instruction	1,672,943	1,688,933	1,286,333	1,225,122	1,239,085	1,101,857	894,928	997,069	1,248,031	1,194,547
Support Services:										
Tuition	1,607,359	1,700,591	1,653,250	2,096,440	2,037,471	1,960,980	1,901,665	1,807,908	1,418,442	1,592,695
Student & instruction related services	7,058,106	8,307,308	9,192,350	8,666,561	8,734,204	9,212,829	9,489,055	9,084,238	6,797,961	5,889,673
General administrative services	676,806	785,407	807,556	774,726	831,224	1,027,734	816,237	942,384	693,866	620,107
School administrative services	2,783,629	3,213,866	3,180,534	2,987,848	2,849,379	2,900,795	2,890,028	2,678,267	1,964,920	1,928,639
Central services	571,136	673,781	561,776	532,865	543,142	497,940	383,421	496,441	608,983	486,496
Administrative information tech.	134,457	81,520	141,260	90,590	122,140	134,255	96,434	98,156	102,503	106,793
Plant operations and maintenance	3,744,103	4,078,236	4,554,839	4,554,978	4,219,230	3,735,167	3,695,276	3,682,318	3,870,584	3,773,880
Pupil transportation	2,002,699	2,195,396	2,220,667	2,413,206	2,439,674	2,370,975	2,895,539	3,203,145	3,247,758	3,261,352
Business and other support services				28,505	57,986	32,076	7,688	17,999		
Unallocated Benefits									9,686,106	11,636,716
Charter Schools									26,182	
Capital outlay - non-depreciable	527,518	331,894							703,769	162,759
Interest on long-term debt	769,935	883,193	701,028	656,078	617,370	583,020	546,370	515,978	535,163	257,914
Unallocated depreciation			1,157,907	1,125,868	1,124,519	1,125,943	1,125,653	1,127,301	1,120,344	1,294,190
Capital lease obligations and amortization									167,131	
Total governmental activities expenses	47,407,202	52,095,284	54,251,527	51,205,975	50,500,685	51,515,910	50,791,639	50,707,588	51,878,847	50,148,308
Governmental activities:										
Student & instruction related services	7,058,106	8,307,308	9,192,350	8,666,561	8,734,204	9,212,829	9,489,055	9,084,238		
Total governmental activities expenses	7,058,106	8,307,308	9,192,350	8,666,561	8,734,204	9,212,829	9,489,055	9,084,238	-	-
Business-type activities:										
Food service	576,502	604,748	615,889	600,531	406,302	315,149	597,302	652,896	675,693	674,046
Enrichment Program	269,553	258,769	243,759	254,929	255,675	184,123				
Total business-type activities expense	846,055	863,517	859,648	855,460	661,977	499,272	597,302	652,896	675,693	674,046
Total district expenses	$ 55,311,363	$ 61,266,109	$ 64,303,525	$ 60,727,996	$ 59,896,866	$ 61,228,011	$ 60,877,996	$ 60,444,722	$ 52,554,540	$ 50,822,354
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	$ 95,199	$ 92,001	$ 65,469	$ 114,297	$ 5,870	$ 9,900	$ 20,700	$ 15,300		
Student & instruction related services						144,912	384,880	444,952	481,579	427,420
Operating grants and contributions	11,336,746	14,824,450	16,195,716	13,597,932	11,788,986	13,529,248	11,981,020	10,418,018	11,355,654	8,895,459
Capital grants and contributions							330,467	156,360		
Total governmental activities program revenues	$ 11,431,945	$ 14,916,451	$ 16,261,185	$ 13,712,229	$ 11,794,856	$ 13,684,060	$ 12,717,067	$ 11,034,630	$ 11,837,233	$ 9,322,879

Kinnelon Board of Educatior
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities:										
Charges for services										
Food service	502,430	504,814	504,441	501,694	321,824	52,339	146,603	507,444	541,413	563,007
Enrichment Program	300,105	302,300	301,111	259,342	198,446					
Operating grants and contributions	77,617	79,498	90,196	84,349	68,977	247,646	653,729	175,050	193,450	124,387
Total business type activities program revenues	880,152	886,612	895,748	845,385	589,247	299,985	800,332	682,494	734,863	687,394
Total district program revenues	$ 12,312,097	$ 15,803,063	$ 17,156,933	$ 14,557,614	$ 12,384,103	$ 13,984,045	$ 13,517,399	$ 11,717,124	$ 12,572,096	$ 10,010,273
Net (Expense)/Revenue										
Governmental activities	$ (35,975,257)	$ (37,178,833)	$ (37,990,342)	$ (37,493,746)	$ (38,705,829)	$ (37,831,850)	$ (28,585,517)	$ (30,588,720)	$ (40,041,614)	$ (40,825,429)
Business-type activities	34,097	23,095	36,100	(10,075)	(72,730)	(199,287)	203,030	29,598	59,170	13,348
Total district-wide net expense	$ (35,941,160)	$ (37,155,738)	$ (37,954,242)	$ (37,503,821)	$ (38,778,559)	$ (38,031,137)	$ (28,382,487)	$ (30,559,122)	$ (39,982,444)	$ (40,812,081)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	$ 33,389,621	$ 34,386,899	$ 35,415,067	$ 36,123,368	$ 36,845,835	$ 37,582,751	$ 38,334,406	$ 39,101,094	$ 39,841,301	$ 40,880,894
Taxes levied for debt service	2,123,789	2,127,453	2,100,548	1,596,669	1,588,733	1,557,780	1,513,542	1,499,556	1,501,215	1,248,512
Unrestricted grants and contributions	69,550	59,428		2,854						
Tuition received									72,300	179,100
Investment earnings									129,656	240,381
Miscellaneous income	294,281	198,550	168,724	161,041	143,088	175,387	244,754	115,240	391,275	382,521
Other restricted miscellaneous revenue									6,963	8,817
Other financing sources/ (uses)										6,685,037
Transfers						(64,020)				
Total governmental activities	35,877,241	36,772,330	37,684,339	37,883,932	38,577,656	39,251,898	40,092,702	40,715,890	41,942,710	49,625,262
Business-type activities:										
Investment earnings										
Miscellaneous income	439	546	666	677	698	195	123	124	2,314	4,396
Other financing sources/ (uses)			(6,264)		(929)	64,020			(62,356)	
Total business-type activities	439	546	(5,598)	677	(231)	64,215	123	124	(60,042)	4,396
Total district-wide	$ 35,877,680	$ 36,772,876	$ 37,678,741	$ 37,884,609	$ 38,577,425	$ 39,316,113	$ 40,092,825	$ 40,716,014	$ 41,882,668	$ 49,629,658
Change in Net Position										
Governmental activities	$ (98,016)	$ (406,503)	$ (306,003)	$ 390,186	$ (128,173)	$ 1,420,048	$ 11,507,185	$ 10,127,170	$ 1,901,096	$ 8,799,833
Business-type activities	34,536	23,641	30,502	(9,398)	(72,961)	(135,072)	203,153	29,722	(872)	17,744
Total district	$ (63,480)	$ (382,862)	$ (275,501)	$ 380,788	$ (201,134)	$ 1,284,976	$ 11,710,338	$ 10,156,892	$ 1,900,224	$ 8,817,577

Source: ACFR Exhibit A-2

Exhibit J-3

Kinnelon Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted	1,119,539	1,295,938	2,153,249	2,263,871	2,509,784	3,361,820	3,795,616	4,116,064	3,202,076	6,098,692
Assigned	345,991	174,345	825,275	546,989	897,944	467,071	1,353,205	2,164,232	1,165,396	565,907
Unassigned	1,063,156	874,693	830,032	1,247,440	1,057,913	2,224,566	2,050,239	864,496	1,075,089	891,564
Total general fund	$ 2,528,686	$ 2,344,976	$ 3,808,556	$ 4,058,300	$ 4,465,641	$ 6,053,457	$ 7,199,060	$ 7,144,792	$ 5,442,561	$ 7,556,163
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue fund					386,154	361,531	356,584	381,038	380,553	408,255
Capital projects fund									3,049,186	1,042,862
Debt service fund										105,732
Total all other governmental funds	$ -	$ -	$ -	$ -	$ 386,154	$ 361,531	$ 356,584	$ 381,038	$ 3,429,739	$ 1,556,849

Source: ACFR Exhibit B-1

Exhibit J-4

Kinnelon Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Tax levy	$ 35,513,410	$ 36,514,352	$ 37,515,615	$ 37,720,037	$ 38,434,568	$ 39,140,531	$ 39,847,948	$ 40,600,650	$ 41,342,516	$ 42,129,496
Tuition charges	95,199	101,563	65,469	114,297	5,870	9,900	20,700	15,300	72,300	179,100
Other miscellaneous revenues	288,263	197,387	204,229	253,242	177,544	436,844	678,545	637,488	566,884	629,237
Interest earned	6,018	6,736	7,904	7,665	8,098	9,795	9,732	10,056		
Other restricted miscellaneous revenues									6,963	8,817
Scholarship donations									54,419	46,004
Student group receipts									427,160	467,118
State sources	6,140,022	6,705,409	7,659,241	8,798,781	9,127,775	11,225,135	13,360,650	13,425,118	15,537,330	14,599,441
Federal sources	475,304	470,153	465,236	467,771	415,899	587,744	690,439	817,410	748,799	519,127
Total revenue	42,518,216	43,995,600	45,917,694	47,361,793	48,169,754	51,409,949	54,608,014	55,506,022	58,756,371	58,578,340
Expenditures										
Instruction										
Regular instruction	11,781,223	11,008,684	11,829,750	11,635,859	11,691,532	11,420,149	11,941,302	12,596,858	12,364,131	12,105,997
Special education instruction	3,257,194	3,386,697	3,445,237	3,588,687	3,936,521	3,856,544	3,984,024	4,239,350	4,868,746	4,713,192
Other special instruction	389,775	433,162	489,767	469,986	485,193	462,358	481,143	481,445	471,421	447,256
Other instruction	952,371	997,571	953,095	970,274	983,602	809,315	1,028,008	1,068,884	1,145,725	1,160,026
Support Services:										
Tuition	1,607,359	1,700,591	1,653,250	2,096,440	2,037,471	1,960,980	1,901,665	1,807,908	1,418,442	1,592,695
Attendance and social work services									32,903	34,135
Health services									515,168	490,242
Student & instruction related services	4,510,091	4,610,211	5,243,466	5,394,880	5,670,018	6,129,973	6,622,661	6,652,268	5,698,685	5,231,804
General administrative services	497,199	538,561	573,271	581,108	669,129	829,472	647,138	737,155	657,521	607,373
School Administrative services	1,645,247	1,670,744	1,757,041	1,779,306	1,807,153	1,755,074	1,915,917	1,833,027	1,722,600	1,748,393
Central services	390,213	394,107	397,151	402,750	420,224	407,324	429,804	505,760	552,423	471,207
Administrative information tech	81,520	81,520	97,240	92,154	90,819	96,088	101,879	112,744	91,634	103,337
Plant operations and maintenance	2,759,399	2,885,178	3,013,419	3,347,197	3,315,839	3,096,603	3,289,804	3,497,314	3,652,253	3,691,817
Pupil transportation	1,988,640	2,071,907	2,167,212	2,339,582	2,303,036	2,192,326	2,697,391	3,013,126	3,115,363	3,168,803
Unallocated employee benefits	9,611,081	10,674,285	11,044,224	11,991,779	12,398,951	14,472,531	16,125,909	16,504,121	8,184,506	8,260,140
On-Behalf TPAF Pension / Social Security									10,306,710	10,267,747
Transfer to charter schools				28,505	57,986	32,076	7,688	17,999	26,182	
Capital outlay	694,200	439,211	723,810	729,361	387,525	635,441	710,844	895,361	1,338,274	2,921,921
Debt service:										
Principal	1,380,000	1,375,000	1,410,000	955,000	985,000	995,000	985,000	1,005,000	1,045,000	975,000
Interest and other charges	813,339	811,881	756,181	709,181	670,581	631,482	597,181	567,516	535,838	353,938
Total expenditures	42,358,851	43,079,310	45,554,114	47,112,049	47,910,580	49,782,736	53,467,358	55,535,836	57,743,525	58,345,023
Excess (Deficiency) of revenues over (under) expenditures	159,365	916,290	363,580	249,744	259,174	1,627,213	1,140,656	(29,814)	1,012,846	233,317

Exhibit J-4

Kinnelon Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Other Financing sources (uses)										
Capital leases (non-budgeted)	273,737								333,624	
Proceeds from refunding bond issuance										7,395
Transfers out						(64,020)				
Total other financing sources (uses)	273,737	-	-	-	-	(64,020)	-	-	333,624	7,395
Net change in fund balances	$ 433,102	$ 916,290	$ 363,580	$ 249,744	$ 259,174	$ 1,563,193	$ 1,140,656	$ (29,814)	$ 1,346,470	$ 240,712
Debt service as a percentage of noncapital expenditures	5.3%	5.1%	4.8%	3.6%	3.5%	3.3%	3.0%	2.9%	2.8%	2.4%

Source: ACFR Exhibit B-2

Exhibit J-5

Kinnelon Board of Education
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Sale of Assets	Refund of Prior year Expenses	Misc.	Total
2016	6,018	95,199			202,829	304,046
2017	6,736	101,563			164,574	272,873
2018	7,904	65,469		20,769	140,051	234,193
2019	7,665	114,297		24,013	129,363	275,338
2020	8,098	5,870		77	134,913	148,958
2021	9,795	9,900		14,461	151,131	185,287
2022	9,732	20,700			235,022	265,454
2023	10,056	15,300			105,184	130,540
2024	207,532	72,300	36,000		323,352	639,184
2025	240,381	179,100		1,619	389,719	810,819

Source: District Records

Exhibit J-6

Kinnelon Board of Education
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Estimated Actual (County Equalized Value)	Assessed to Estimated Full Cash Valuations
2016	$ 21,927,600	$1,497,282,400	$ 4,701,400	$ 41,500	$ 53,914,600		$ 18,500,700	$1,596,368,200	$ -		$1,596,368,200	2.256	$3,096,731,675	51.55%
2017	$ 27,103,200	$1,989,936,000	$ 8,345,700	$ 55,600	$ 83,384,700		$ 30,125,000	$2,138,950,200	$ -		$2,138,950,200	1.731	$3,279,821,874	65.22%
2018	$ 25,580,000	$1,983,379,600	$ 8,712,900	$ 29,500	$ 81,819,800		$ 30,125,000	$2,129,646,800	$ -		$2,129,646,800	1.767	$3,425,459,628	62.17%
2019	$ 25,136,300	$1,977,419,900	$ 8,765,600	$ 29,500	$ 79,989,600		$ 30,125,000	$2,121,465,900	$ -		$2,121,465,900	1.795	$3,573,230,623	59.37%
2020	$ 25,075,500	$1,962,828,800	$ 8,765,600	$ 33,800	$ 79,926,100		$ 30,125,000	$2,106,754,800	$ -		$2,106,754,800	1.842	$3,634,341,170	57.97%
2021	$ 23,928,000	$1,959,343,500	$ 9,750,800	$ 32,100	$ 79,926,100		$ 30,125,000	$2,103,105,500	$ -		$2,103,105,500	1.878	$3,829,622,650	54.92%
2022	$ 24,194,400	$1,962,410,300	$ 9,777,600	$ 31,500	$ 79,926,100		$ 30,125,000	$2,106,464,900	$ -		$2,106,464,900	1.910	$3,999,791,782	52.66%
2023	$ 24,348,500	$1,968,320,600	$ 10,227,200	$ 32,900	$ 79,851,200		$ 30,125,000	$2,112,905,400	$ -		$2,112,905,400	1.957	$2,112,905,400	100.00%
2024	$ 23,364,700	$1,971,522,300	$ 17,257,500	$ 255,100	$ 76,533,900		$ 30,125,000	$2,119,058,500	$ -		$2,119,058,500	1.989	$2,473,873,287	85.66%
2025	$ 23,452,000	$1,978,750,900	$ 15,119,700	$ 37,400	$ 76,553,900		$ 30,125,000	$2,124,038,900	$ -		$2,124,038,900	2.058	$2,614,185,171	81.25%

Source: Municipal Tax Assessor

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

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

b Tax rates are per $100

Exhibit J-7

Kinnelon Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per $100 of assessed value)

Fiscal Year Ended Dec. 31,	Kinnelon Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Borough of Kinnelon	Morris County	
2016	2.123	0.133	2.256	0.669	0.326	3.25
2017	1.632	0.099	1.731	0.500	0.259	2.49
2018	1.680	0.087	1.767	0.506	0.260	2.53
2019	1.720	0.075	1.795	0.526	0.265	2.59
2020	1.767	0.075	1.842	0.541	0.264	2.65
2021	1.807	0.071	1.878	0.558	0.261	2.70
2022	1.839	0.071	1.910	0.572	0.265	2.75
2023	1.886	0.071	1.957	0.607	0.273	2.84
2024	1.930	0.059	1.989	0.594	0.288	2.87
2025	1.940	0.059	1.999	0.586	0.287	2.87

Source: District Records and Municipal Tax Collector

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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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.

Exhibit J-8

Kinnelon Board of Education
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2025 Taxable Assessed Value	2025 Rank [Optional]	2025 % of Total District Net Assessed Value	2017 Taxable Assessed Value	2017 Rank [Optional]	2017 % of Total District Net Assessed Value
Kinnelon Ridge Developers, LLC	$ 29,300,000	1	1.38%	$ 29,300,000	1	1.84%
UB Kinnelon I, LLC	$ 15,750,000	2	0.74%			
Kin-Mall Properties LLC	$ 11,000,000	3	0.52%			
829 W Shore Drive LLC	$ 4,865,700	4	0.23%			
Inland Western Butler Kinnelon, LLC	$ 3,950,000	5	0.19%			
Kinnelon Route 23 LLC	$ 3,900,000	6	0.18%			
1167 Rt 23 Automall LLC	$ 3,175,000	7	0.15%			
Joy Ho Family Trust LLC	$ 2,731,000	8	0.13%			
WTW Properties LLC	$ 265,000	9	0.01%			
Grewal, A & K and Grewal, G & A	$ 250,000	10	0.01%			
Commercial Property				$ 15,750,000	2	0.99%
Commercial Property				$ 13,000,000	3	0.81%
Commercial Property				$ 6,024,900	4	0.38%
Commercial Property				$ 4,518,100	5	0.28%
Residential Property				$ 4,431,700	6	0.28%
Commercial Property				$ 4,300,000	7	0.27%
Commercial Property				$ 4,139,200	8	0.26%
Commercial Property				$ 4,036,400	9	0.25%
Residential Property				$ 3,676,300	10	0.23%
Total	$ 75,186,700		3.54%	$ 89,176,600		5.59%
Net Assessed Valuation:			$ 2,124,018,900			$ 1,596,368,200

Source: Municipal Tax Assessor.

Exhibit J-9

Kinnelon Board of Education
Property Tax Levies and Collections
Last Ten Years

Fiscal Year Ended June 30,	Taxes Levied for the Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	35,513,410	35,513,410	100.00%	$ -
2017	36,514,352	36,514,352	100.00%	$ -
2018	37,515,615	37,515,615	100.00%	$ -
2019	37,720,037	37,720,037	100.00%	$ -
2020	38,434,568	38,434,568	100.00%	$ -
2021	39,140,531	39,140,531	100.00%	$ -
2022	39,847,948	39,847,948	100.00%	$ -
2023	40,600,650	40,600,650	100.00%	$ -
2024	41,342,516	41,342,516	100.00%	$ -
2025	42,129,496	42,129,496	100.00%	$ -

Source: Municipal Tax Collector

Exhibit J-10

Kinnelon Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities			
Fiscal Year Ended June 30,	General Obligation Bonds [b]	Certificates of Participation	Financing Agreements	Temporary Note Payable	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2016	19,735,000	-	273,737	-	-	20,008,737	2.168%	$ 227
2017	18,360,000	-	217,609	-	-	18,577,609	2.041%	$ 206
2018	16,950,000	-	164,796	-	-	17,114,796	1.826%	$ 183
2019	15,995,000	-	56,012	-	-	16,051,012	1.678%	$ 166
2020	15,010,000	-	-	-	-	15,010,000	1.541%	$ 152
2021	14,015,000	-	-	-	-	14,015,000	1.313%	$ 131
2022	13,030,000	-	-	-	-	13,030,000	1.197%	$ 119
2023	12,025,000	-	-	-	-	12,025,000	1.037%	$ 104
2024	10,980,000	-	214,160	-	-	11,194,160	Not Available	Not Available
2025	9,940,000	-	104,255	-	-	10,044,255	Not Available	Not Available

Source: District ACFR Schedules I-1, I-2

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

Exhibit J-11

Kinnelon Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

	General Bonded Debt Outstanding				
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2016	19,735,000	-	19,735,000	1.24%	$ 224
2017	18,360,000	-	18,360,000	0.86%	$ 203
2018	16,950,000	-	16,950,000	0.80%	$ 181
2019	15,995,000	-	15,995,000	0.75%	$ 165
2020	15,010,000	-	15,010,000	0.71%	$ 152
2021	14,015,000	-	14,015,000	0.67%	$ 131
2022	13,030,000	-	13,030,000	0.62%	$ 119
2023	12,025,000	-	12,025,000	0.57%	$ 104
2024	10,980,000	-	10,980,000	0.52%	Not Available
2025	9,940,000	-	9,940,000	0.47%	Not Available

Note: Details regarding the district's outstanding debt can be found in the notes to the financial staten

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

Exhibit J-12

Kinnelon Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2025

Governmental Unit	Estimated Percentage Applicable [a]	Debt Outstanding	Estimated Share of Overlapping Debt
Direct Debt of School District as of June 30, 2025			$ 9,940,000
Net overlapping debt of School District:			
Borough of Kinnelon	100.000%	$ 16,986,850	
County of Morris	2.273%	$ 7,036,848	
Subtotal, overlapping debt			$ 24,023,698
Total direct and overlapping debt			$ 33,963,698

Sources: Kinnelon Municipal Finance Officer / Morris County Treasurer's Office

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 the residents and businesses of Kinnelon. This process recognizes that, when considering the District's ability to issue and repay long-term debt, 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 payment.

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

Exhibit J-13

Kinnelon Board of Education
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2025

Equalized valuation basis		
2024		$ 2,443,543,349
2023		2,465,467,211
2022		2,250,977,666
	[A]	$ 7,159,988,226
Average equalized valuation of taxable property	[A/3]	$ 2,386,662,742
Debt limit (4 % of average equalization value)	[B]	95,466,510 a
Net bonded school debt	[C]	9,940,000
Legal debt margin	[B-C]	$ 85,526,510

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	$ 83,540,821	$ 84,732,226	$ 85,004,512	$ 85,678,672	$ 85,982,850	$ 85,703,352	$ 85,712,574	$ 87,037,767	$ 91,693,623	$ 95,466,510
Total net debt applicable to limit	19,735,000	18,360,000	16,950,000	15,995,000	15,010,000	14,015,000	13,030,000	12,025,000	10,980,000	9,940,000
Legal debt margin	$ 63,805,821	$ 66,372,226	$ 68,054,512	$ 69,683,672	$ 70,972,850	$ 71,688,352	$ 72,682,574	$ 75,012,767	$ 80,713,623	$ 85,526,510
Total net debt applicable to the limit as a percentage of debt limit	23.62%	21.67%	19.94%	18.67%	17.46%	16.35%	15.20%	13.82%	11.97%	10.41%

Source: Abstract of Ratables and District Records ACFR Schedule J-7

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

Exhibit J-14

Kinnelon Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population [a]	Personal Income (thousands of dollars) [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2016	10,114	$ 889,870,176	$ 87,984	3.90%
2017	10,085	$ 910,231,760	$ 90,256	3.40%
2018	10,006	$ 937,512,170	$ 93,695	3.10%
2019	9,885	$ 956,610,990	$ 96,774	2.80%
2020	9,852	$ 974,116,500	$ 98,875	6.80%
2021	9,965	$ 1,067,600,275	$ 107,135	4.90%
2022	9,985	$ 1,088,934,145	$ 109,057	3.20%
2023	10,009	$ 1,159,542,650	115,850	3.50%
2024	10,108	Not Available	Not Available	3.50%
2025	Not Available	Not Available	Not Available	Not Available

Source:

[a] Population information provided by the NJ Dept of Labor and Workforce Development
b Personal income - Morris County - provided by NJ Dept of Labor and Workforce Developmen
[c] Per Capita Personal Income - Morris County - provided by NJ Dept of Labor and Workforce Development
[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

Kinnelon Board of Education
Principal Employers
Current Year and Nine Years Ago

	2025			2017		
Employer	**Employees**	**Rank (Optional)**	**Percentage of Total Employment**	**Employees**	**Rank (Optional)**	**Percentage of Total Employment**
THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED TO RELEASE INFORMATION NEEDED TO COMPLETE THIS SCHEDULE DUE TO PRIVACY CONCERNS.						
	-	0	0.00%		1	0.00%
	-	0	0.00%		2	0.00%
	-	0	0.00%		3	0.00%
	-	0	0.00%		4	0.00%
	-	0	0.00%		5	0.00%
	-	0	0.00%		6	0.00%
	-	0	0.00%		7	0.00%
	-	0	0.00%		8	0.00%
	-	0	0.00%		9	0.00%
	-	0	0.00%		10	0.00%
	-	0	0.00%	-	0	0.00%
	-	0	0.00%	-	0	0.00%
	-	0	0.00%	-	0	0.00%
	-		0.00%	-		0.00%

Source: Borough of Kinnelon

Exhibit J-16

Kinnelon Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

Function/Program	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Instruction										
Regular	126	127	126	128	127	129	130	131	120	118
Special education	75	76	78	84	85	90	96	97	61	62
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	43	44	45	44	46	46	46	46	76	46
General and business administrative services	6	6	6	4	3	3	3	3	6	3
School administrative services	16	16	16	18	17	17	17	17	17	4
Business and other support services	2	2	2	2	2	2	2	2	3	3
Plant operations and maintenance	25	23	22	28	27	28	28	29	26	27
Pupil transportation	10	10	11	10	11	11	11	10	9	9
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service										11
Total	302	303	305	317	318	325	331	333	318	283

Source: District Personnel Records

Exhibit J-17

Kinnelon Board of Education
Operating Statistics
Last Ten Fiscal Years

						Pupil/Teacher Ratio							
Fiscal	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Kiel Elementary	Stony Brook Elementary	Pearl R. Miller Middle School	Kinnelon High School	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2016	1,992	39,471,312	19,815	3.97%	201	1:12	1:14	1:11	1:12	1,953	1,888	2.787%	96.67%
2017	1,953	40,453,218	20,713	4.53%	203	1:12	1:14	1:11	1:10	1,914	1,835	-1.997%	95.87%
2018	1,961	42,664,123	21,756	5.04%	204	1:12	1:14	1:12	1:11	1,889	1,795	-1.306%	95.02%
2019	1,804	44,718,507	24,789	13.94%	212	1:12	1:14	1:12	1:11	1,839	1,755	-2.647%	95.43%
2020	1,742	45,867,474	26,330	6.22%	212	1:12	1:14	1:12	1:11	1,734	1,653	-5.710%	95.33%
2021	1,670	47,520,813	28,456	8.07%	214	1:12	1:14	1:12	1:11	1,662	1,583	-4.152%	95.25%
2022	1,660	51,174,333	30,828	8.34%	215	1:12	1:14	1:12	1:11	1,556	1,552	-6.378%	99.74%
2023	1,643	53,067,959	32,299	4.77%	227	1:12	1:14	1:12	1:11	1,618	1,614	3.985%	99.75%
2024	1,654	54,824,413	33,147	2.62%	196	1:17	1:17	1:11	1:12	1,627	1,530	0.556%	94.04%
2025	1,624	54,094,164	33,309	0.49%	283	1:16	1:15	1:11	1:11	1,621	1,541	-0.369%	95.06%

Sources: District records, ASSA and Schedules J-4

Note: Enrollment based on annual October district count for all students attending school facilities.

a Operating expenditures equal total general fund and special revenue fund expenditures less debt service and capital outlay; Schedule J-4
b Teaching staff includes only full-time equivalents of certificated staff
c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Kinnelon Board of Education
School Building Information
Last Ten Fiscal Years

District Buildings	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Elementary										
Kiel Elementary School (1995)										
Square Feet	49,563	49,563	49,563	49,563	49,563	49,563	49,563	49,563	49,563	49,563
Capacity (students)	333	333	333	333	333	333	333	333	333	333
Enrollment	308	315	305	294	258	269	285	300	383	375
Stony Brook Elementary (1957)										
Square Feet	70,137	70,137	70,137	70,137	70,137	70,137	70,137	70,137	70,137	70,137
Capacity (students)	557	557	557	557	557	557	557	557	557	557
Enrollment	480	472	458	431	396	409	406	410	358	362
Middle School										
Pearl R. Miller Middle School (1968)										
Square Feet	89,910	89,910	89,910	89,910	89,910	89,910	89,910	89,910	89,910	89,910
Capacity (students)	593	593	593	593	593	593	593	593	593	593
Enrollment	493	500	471	454	424	430	409	393	381	381
High School										
Kinnelon High School (1963)										
Square Feet	136,846	136,846	136,846	136,846	136,846	136,846	136,846	136,846	136,846	136,846
Capacity (students)	646	646	646	646	646	646	646	646	646	646
Enrollment	672	685	655	625	569	562	560	540	532	506

Number of Schools at June 30, 2025
Elementary = 3
Middle School = 1
High School = 1

Source: District records, ASSA

Note: Enrollment is based on students' enrolled within the District -- out of district students have not been included

Exhibit J-19

Kinnelon Board of Education
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project # (s)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Kiel Elementary School	N/A	59,352	60,606	61,147	76,827	66,071	80,614	78,316	44,509	45,977	51,865
Stony Brook Elementary School	N/A	115,166	50,104	61,128	76,132	37,016	45,272	84,752	95,214	70,734	87,220
Glen L. Sisco Elementary School	N/A	13,363	13,278	3,996	8,723	6,447	7,847	2,700	13,485	21,220	11,890
Pearl R. Miller Middle School	N/A	67,491	111,333	71,626	96,934	73,599	89,790	96,396	80,657	84,881	51,730
Kinnelon High School	N/A	147,843	229,128	186,531	173,877	186,847	227,942	206,159	151,354	130,220	83,993
Maintenance	N/A	3,272		8,195	4,448	2,671	3,125	8,102	29,458	14,533	39,770
Grand Total		$ 406,487	$ 464,449	$ 392,623	$ 436,941	$ 372,651	$ 454,590	$ 476,425	$ 414,677	$ 367,565	$ 326,468

Exhibit J-20

Kinnelon Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2024
Unaudited

Company	Type of Coverage	Coverage	Deductible
National Union Fire Insurance of Pittsburg PA			
	Property	$ 118,448,874	$ 5,000
	Comprehensive General Liability	1,000,000	n/a
	Comprehensive Automotive Liability	1,000,000	n/a
	Employee Theft	500,000	5,000
	Forgery or Alteration, Theft of Money & Securities	250,000	5,000
	Funds Transfer Fraud, Money Orders	250,000	5,000
National Union Fire Insurance of Pittsburg PA			
	Excess Policy		
	Per Occurrence	9,000,000	
	Aggregate	9,000,000	
NJUEP (Hudson Insurance, Allied World, Markel)			
	Excess Liability		
	Per Occurrence	30,000,000	
	Aggregate	30,000,000	
Fireman's Fund Insurance Company			
	Excess Liability		
	Per Occurrence	25,000,000	
	Aggregate	25,000,000	
Safety National			
	Excess Workers Compensation		
	Employer's Liability	1,000,000	
	Self Insured Retention	600,000	
Chubb/Ace			
	Environmental Impairment Liability		
	Per Occurrence	1,000,000	25,000
	Aggregate	10,000,000	
Greenwich Insurance Company			
	School Board Legal Liability		
	Errors & Omission	1,000,000	1,000
	Employment Practices	1,000,000	35,000
Indian Harbor Insurance Company			
	Cyber Liability	1,000,000	10,000
	Privacy & Cyber Security, Privacy Regulatory Defense	1,000,000	
The Hartford Insurance Company			
	Surety Bonds		
	Treasurer of School Monies	250,000	n/a
	Board Secretary/Business Administrator	250,000	n/a

Source: District Records

SINGLE AUDIT SECTION

WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable President and
Members of the Board of Education
Kinnelon School District
County of Morris, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of Kinnelon School District, in the County of Morris, New Jersey, as of and for the year ended June 30, 2025, 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 20, 2025.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kinnelon School 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to Kinnelon School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated October 20, 2025.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

October 20, 2025

WIELKOTZ & COMPANY LLC
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY N.J. OMB CIRCULAR 15-08

Honorable President and
Members of the Board of Education
Kinnelon School District
County of Morris, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Kinnelon School District in the County of Morris, New Jersey, compliance with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Kinnelon School District's major state programs for the year ended June 30, 2025. The Kinnelon School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kinnelon School District, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements N.J. OMB Circular 15-08. Our responsibilities under those standards and N.J. 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 Kinnelon School 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 Kinnelon School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Kinnelon School 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 generally accepted auditing standards, Government Auditing Standards and N.J. 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 Kinnelon School District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and N.J. 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 Kinnelon School 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 Kinnelon School 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 N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Kinnelon School 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with N.J. OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major state program is not modified with respect to these matters.

The Kinnelon School District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Kinnelon School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these responses.

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 and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and 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 and 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 limitation, 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, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

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 N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Steven D. Wielkotz
Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Wielkotz & Company, LLC
WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

October 20, 2025

BOROUGH OF KINNELON SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2025

Federal Grantor/Pass-through Grantor/ Progam Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2024	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2025 (Accounts Receivable)	Balance at June 30, 2025 Deferred Revenue	Balance at June 30, 2025 Due to Grantor at
US Department of Education															
Passed Through State Dept of Education:															
Special Revenue Fund															
Title I, Part A	84.010	S010A240030	ESEA-2460-25	39,362	7/1/2024	9/30/2025		(11,369)	51,191	43,672			(3,850)		
Title I, Part A	84.010	S010A230030	ESEA-2460-24	45,283	7/1/2023	9/30/2024	(11,369)	11,369							
							(11,369)		51,191	43,672			(3,850)		
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	S367A240029	ESEA-2460-25	19,702	7/1/2024	9/30/2025		(15,216)	46,411	30,659				536	
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	S367A230029	ESEA-2460-24	32,170	7/1/2023	9/30/2024	(15,216)	15,216							
							(15,216)		46,411	30,659				536	
Title III, Immigrant	84.365A	S365A240030	ESEA-2460-25	1,371	7/1/2024	9/30/2025			709	709					
									709	709					
Title IV	84.424A	S424A240030	ESEA-2460-25	10,000	7/1/2024	9/30/2025			9,835	9,835					
									9,835	9,835					
IDEA, Part B-Basic	84.027A	H027A240100	IDEA-2460-25	390,424	7/1/2024	9/30/2025		(140,726)	533,079	392,629			(276)		
IDEA, Part B-Basic	84.027A	H027A230100	IDEA-2460-24	397,049	7/1/2023	9/30/2024	(140,726)	140,726							
IDEA, Part B-Preschool	84.173A	H173A240114	IDEA-2460-25	17,508	7/1/2024	9/30/2025		(1,015)	16,685	14,865				805	
IDEA, Part B-Preschool	84.173A	H173A230114	IDEA-2460-24	18,070	7/1/2023	9/30/2024	(1,015)	1,015							
							(141,741)		549,764	407,494			(276)	805	
Governor's Emergency Education & Relief (GEER):															
NJ High Impact Tutoring	84.425V	S425V230031	E2400369	49,468	10/11/2023	8/31/2024	(5,281)		3,039				(2,242)		
NJ High Impact Tutoring	84.425V	S425V240031	25E00704	35,698	7/1/2024	6/30/2025			21,460	23,219			(1,759)		
							(5,281)		24,499	23,219			(4,001)		
Coronavirus Response and Relief Supplemental Act:															
CR Mental Health	84.425D	S425D210027		45,000	3/13/2020	9/30/2023	3,180					3,180			
American Rescue Plan:															
ARP - ESSER	84.425U	S425U210027		259,045	3/13/2020	9/30/2023	(6,520)		6,520						
							(3,340)		6,520			3,180			
US Department of the Treasury															
Passed Through State Dept of Education:															
Additional or Compensatory Special Education and Related Services (ACSERS)	21.027	C820COVID19		126,356	7/1/2023	6/30/2024	(126,356)		126,356						
							(126,356)		126,356						
Total Special Revenue Fund							(303,303)		815,285	515,588		3,180	(8,127)	1,341	

BOROUGH OF KINNELON SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2025

Federal Grantor/Pass-through Grantor/ Progam Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2024	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2025 (Accounts Receivable)	Balance at June 30, 2025 Deferred Revenue	Balance at June 30, 2025 Due to Grantor at
US Department of Agriculture															
Passed Through State Dept of Agriculture:															
Enterprise Fund															
USDA Commodities Program	10.555	251NJ309N1099	N/A	50,127	7/1/2024	6/30/2025			50,127	45,474				4,653	
USDA Commodities Program	10.555	241NJ309N1099	N/A	54,020	7/1/2023	6/30/2024	971			971					
National School Lunch Program	10.555	251NJ304N1099	N/A	61,740	7/1/2024	6/30/2025			58,923	61,740			(2,817)		
National School Lunch Program	10.555	241NJ304N1099	N/A	59,838	7/1/2023	6/30/2024	(2,567)		2,567						
Supply Chain Assistance Funding (4th Round)	10.555	241NJ304N1099	N/A	39,084	7/1/2023	6/30/2024	10,716			10,716					
P-EBT Administrative Cost	10.649	2022225900941	N/A	321	7/1/2024	6/30/2025			321	321					
Total Enterprise Fund							9,120		111,938	119,222			(2,817)	4,653	
Total Federal Financial Assistance							$ (294,183)		927,223	634,810		3,180	(10,944)	5,994	

See accompanying notes to the Schedules of Expenditures of Federal and State Awards.

BOROUGH OF KINNELON SCHOOL DISTRICT

Schedule of Expenditures of State and Local Financial Awards

Year ended June 30, 2025

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2024: Deferred Revenue (Accts Receivable)	Balance at June 30, 2024: Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass through Funds	Budgetary Expenditures Direct	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2025: (Accounts Receivable)	Balance at June 30, 2025: Deferred Revenue/ Interfund Payable	Balance at June 30, 2025: Due to Grantor at	Memo: Budgetary Receivable	Memo: Cumulative Total Expenditures
State Department of Education:																	
General Fund																	
Transportation Aid	495-034-5120-014	$ 1,000,531	7/1/2024	6/30/2025	$			903,712	1,000,531							(96,819)	1,000,531
Special Education Categorical Aid	495-034-5120-089	1,899,472	7/1/2024	6/30/2025				1,721,286	1,899,472							(178,186)	1,899,472
Security Aid	495-034-5120-084	164,769	7/1/2024	6/30/2025				148,825	164,769							(15,944)	164,769
Extraordinary Aid	495-034-5120-044	1,016,667	7/1/2024	6/30/2025					1,016,667				(1,016,667)				1,016,667
Extraordinary Aid	495-034-5120-044	1,139,031	7/1/2023	6/30/2024	(1,139,031)			1,139,031									1,139,031
Non Public Transportation	495-078-6060-034	42,030	7/1/2024	6/30/2025					42,030				(42,030)				42,030
Non Public Transportation	495-078-6060-034	38,675	7/1/2023	6/30/2024	(38,675)			38,675									38,675
Menstrual Product Reimbursement		6,373	7/1/2024	6/30/2025					6,373				(6,373)				6,373
Reimbursed TPAF Social Security	495-034-5094-003	1,310,175	7/1/2024	6/30/2025				1,246,071	1,310,175				(64,104)				1,310,175
Reimbursed TPAF Social Security	495-034-5094-003	1,387,426	7/1/2023	6/30/2024	(67,959)			67,959									1,387,426
On Behalf TPAF - Post Retirement Medical	495-034-5094-001	2,025,079	7/1/2024	6/30/2025				2,025,079	2,025,079								2,025,079
On Behalf TPAF Pension	495-034-5094-002	6,845,636	7/1/2024	6/30/2025				6,845,636	6,845,636								6,845,636
On Behalf TPAF NCGI Premium	495-034-5094-004	84,799	7/1/2024	6/30/2025				84,799	84,799								84,799
On-Behalf TPAF - LTDI	495-034-5094-004	2,058	7/1/2024	6/30/2025				2,058	2,058								2,058
Total General Fund					(1,245,665)			14,223,131	14,397,589				(1,129,174)			(290,949)	16,962,721
Special Revenue Fund																	
NJ NonPublic Aid:																	
Textbook Aid	100-034-5120-064	636	7/1/2023	6/30/2024		636						636					
Technology Aid	100-034-5120-373	539	7/1/2023	6/30/2024		539						539					
Nursing Services	100-034-5120-070	1,320	7/1/2023	6/30/2024		1,320						1,320					
Security Aid	100-034-5120-509	2,255	7/1/2023	6/30/2024		2,255						2,255					
SDA Emergent Needs and Capital Maintenance in School Districts		40,327	7/1/2023	6/30/2024							22			22			40,305
Total Special Revenue Fund						4,750					22	4,750		22			40,305
Capital Projects Fund																	
Kiel Elementary School Roof Replacement	2460-060-23-R501	325,000	7/1/2023	6/30/2024	(20,326)			176,850	199,702				(43,178)				220,028
Stonybrook Elementary School Roof Replacem	2460-070-23-R501	915,000	7/1/2023	6/30/2024				483,662	602,827				(119,165)				602,827
Total Capital Projects Fund					(20,326)			660,512	802,529				(162,343)				822,855
Debt Service Fund																	
Debt Service Aid Type II	495-034-5121-075	178,763	7/1/2024	6/30/2025				178,763	178,763								178,763
Total Debt Service Fund								178,763	178,763								178,763

BOROUGH OF KINNELON SCHOOL DISTRICT

Schedule of Expenditures of State and Local Financial Awards

Year ended June 30, 2025

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2024 Deferred Revenue (Accts Receivable)	Balance at June 30, 2024 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass through Funds	Budgetary Expenditures Direct	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2025 (Accounts Receivable)	Balance at June 30, 2025 Deferred Revenue/ Interfund Payable	Balance at June 30, 2025 Due to Grantor at	Memo Budgetary Receivable	Memo Cumulative Total Expenditures
Enterprise Fund																	
State Department of Agriculture																	
National School Lunch Program (State Share)	100-010-3350-023	4,844	7/1/2024	6/30/2025				4,620	4,844				(224)				4,844
National School Lunch Program (State Share)	100-010-3350-023	5,599	7/1/2023	6/30/2024	(248)			248									5,599
P-EBT Administrative Costs	100-010-3350-023	321	7/1/2024	6/30/2025				321	321								321
Total Enterprise Fund					(248)			5,189	5,165				(224)				10,764
Total State Financial Assistance					(1,266,239)	4,750		15,067,595	15,384,046		22	4,750	(1,291,741)	22		(290,949)	18,015,408
Less: On-Behalf TPAF Pension System Contributions																	
On Behalf TPAF - Post Retirement Medical	495-034-5094-001	2,025,079	7/1/2024	6/30/2025					2,025,079								
On Behalf TPAF Pension	495-034-5094-002	6,845,636	7/1/2024	6/30/2025					6,845,636								
On Behalf TPAF NCGI Premium	495-034-5094-004	84,799	7/1/2024	6/30/2025					84,799								
On-Behalf TPAF - LTDI	495-034-5094-004	2,058	7/1/2024	6/30/2025					2,058								
									8,957,572								
Total State Financial Assistance									6,426,474								
Local Sources																	
Special Revenue Fund																	
Keil School Fundraising PTO		1,938	7/1/2024	6/30/2025				1,934	1,784					150			1,784
Keil School Fundraising PTO		17,727	7/1/2023	6/30/2024	(4,005)			4,005									17,727
Stonybrook School Fundraising PTO		1,386	7/1/2024	6/30/2025				1,379	1,386				(7)				1,386
High School Fundraising PTO		3,783	7/1/2024	6/30/2025				120	3,783				(3,663)				3,783
Total Local Financial Assistance					(4,005)			7,438	6,953				(3,670)	150			24,680
Total State and Local Financial Assistance					(1,270,244)	4,750		15,075,033	15,390,999		22	4,750	(1,295,411)	172		(290,949)	18,040,088

See accompanying notes to the Schedules of Expenditures of Federal and State Awards.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state award programs of the Kinnelon School District. The School Districts defined in Note 1 to the District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(D) and 1(E) to the District's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. 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 agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $(17,238) for the general fund and $43,248 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Local	Total
General Fund		14,380,351		$14,380,351
Special Revenue Fund	$ 519,127	40,327	6,335	565,789
Debt Service Fund		178,763		178,763
Food Service Fund	122,904	5,165		128,069
Total Awards and Financial Assistance	$ 642,031	$14,604,606	$ 6,335	$15,252,972

NOTE 4. 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 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2025. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2025.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, the amount of $8,957,572 of on-behalf payments is excluded from major program determination.

NOTE 7. INDIRECT COST RATE

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the school district:

Program	Total
Title I, Part A: *Grants to Local Educational Agencies*	$ 43,672
Title II, Part A: *Improving Teacher Quality State Grants*	30,659
Title III: *English Language Acquisition State Grants*	709
Title IV: *Student Support and Academic Enrichment*	9,835
Total	$ 84,875

KINNELON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? ____ yes __X__ none reported

2. Material weakness(es) identified? ____ yes __X__ no

Noncompliance material to basic financial statements noted? ____ yes __X__ no

Federal Awards

NOT APPLICABLE

State Awards

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? __X__ yes ____ no

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

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? __X__ yes ____ none reported

2. Material weakness(es) identified? ____ yes __X__ no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? __X__ yes ____ no

KINNELON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)

***Section I - Summary of Auditor's Results*, (continued)**

State Awards, (continued)

Identification of major programs:

GMIS Number(s)		Name of State Program
495-034-5120-089		State Aid Cluster:
495-034-5120-084	(A)	Special Education Categorical Aid/Security Aid
2460-060-23-R501	(A)	NJ School Development Authority ROD Grant

Note: (A) - Tested as Major Type A Program.

Section II – Financial Statement Findings

NONE

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

Not Applicable

STATE AWARDS

Finding 2025-001

Information on the state program:
State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/24-6/30/25.

Criteria or specific requirement:
In accordance with New Jersey Public School Contracts Law (N.J.S.A. 18A:18A-1 et seq.) and Board of Education policy, the District is required to obtain a minimum of two competitive quotes for purchases below the bid threshold and to solicit formal bids for products or services exceeding the established threshold. Proper documentation of quotes and bids must be maintained to demonstrate compliance.

KINNELON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs (continued)

STATE AWARDS, (continued)

Finding 2025-001, (continued)

Condition:
During audit testing, instances were noted where purchases were made without evidence of obtaining the required number of competitive quotes or without documentation supporting that the formal bid process had been followed.

Questioned Costs:
None

Context:
The requirement for quotes and competitive bidding is designed to promote transparency, fairness, and cost-effectiveness in the procurement process. Adherence to these standards ensures public funds are used efficiently and in compliance with state and local regulations.

Effect:
Failure to obtain and document required quotes or bids may result in noncompliance with state procurement laws, potential audit findings, or questioned costs that could require repayment or adjustment of grant funding.

Cause:
Noncompliance may have occurred due to staff oversight, time constraints in procurement, or a lack of understanding regarding purchasing thresholds and documentation requirements.

Recommendation:
The District should ensure all purchasing staff are properly trained on procurement requirements and thresholds. Internal controls should be strengthened to verify that at least two quotes or formal bids are obtained and documented prior to the purchase of goods or services, in compliance with applicable statutes and Board policy.

Management's response:
Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

BOROUGH OF KINNELON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Status of Prior Year Findings

None