SCHOOL DISTRICT
OF

PEQUANNOCK TOWNSHIP

Pequannock Township School District
Board of Education
Pequannock, New Jersey

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

Annual Comprehensive Financial Report

of the

Pequannock Township School District Board of Education

Pequannock, New Jersey

For the Fiscal Year Ended June 30, 2025

Prepared by

Pequannock Township School District
Board of Education
Business Office

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (C.-I.)

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

STATISTICAL SECTION

INTRODUCTORY SECTION
(UNAUDITED)

Pequannock Township Board of Education
OFFICE OF THE SCHOOL BUSINESS ADMINISTRATOR

538 Newark-Pompton Turnpike
Pompton Plains, New Jersey 07444

Gordon E. Gibbs — School Business Administrator/Board Secretary
gordon.gibbs@pequannock.org — P: 973-616-6030 F: 973-616-6041

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

Dear Board Members:

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

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These services include regular, vocational as well as special education for youngsters with learning disabilities. The official district enrollment was 2,093 students, which is 9 students below the previous year's enrollment.

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

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

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

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

3) MAJOR INITIATIVES: During the 2025-2026 school year, the Pequannock Township School District administration and staff will continue to focus their efforts on the implementation of the following goals that were adopted by the Board of Education.

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

Student Achievement: The District continued to implement various benchmarking assessments to monitor and address learning progress using data to inform instruction and curriculum during the 2025-2026 school year. We focus on assessing achievement accurately and through a variety of means, and apply the internal and external measures that we have curated in order to paint a more accurate picture of our students’ actual learning levels. Districtwide professional development and staff articulation continues to center on generating assessments that accurately measure learning outcomes from common learning experiences. The district employs targeted professional development to help move the district forward with pedagogical thinking and instructional implementation, and ongoing attention was paid to common scoring practices that reflect assessing the most relevant skills that our students need to develop.

Curricula continues to be updated throughout all grades levels and subjects with revisions addressing updates to the New Jersey State Learning Standards and statutes. Curricula are modified to fill the instructional gaps as students' transition to the 1:1 Chromebook initiative in Grades 1-12, and the district has implemented new schedules at the middle and high schools to provide greater opportunities for our students to grow. We continue to invest in emerging tech resources to provide professional development opportunities for staff in order to increase technology-based instruction and increase student achievement.

Sustainability: The Pequannock Township Board of Education continues to emphasize sustainability and wellness for our staff and students. After having maintained Bronze status in the Sustainable Jersey for Schools program, we no longer participate formally but continue to focus on the process of ensuring sustainability. In short, though we suspended our efforts in the formal state program, we have maintained the principles espoused therein. Each school works collaboratively on implementing strategies and programs to effect long-term learning and mindset shifts regarding environmental stewardship as well as physical and mental wellness.

Future Ready: The Pequannock Township School District continues to prepare our students not for a past that will never be again, but a future we anticipate will demand collaboration, critical thinking, and the ability to adapt to changing technology. To that end, we continue to embrace a goal to grow in our work that is consistent with the state's now-erstwhile Future Ready program. Each school continues to implement programs to empower educators to provide learning opportunities that enable greater interaction and problem solving while eschewing cookie cutter assessment design. In the absence of the specific state program, we continue to build on the foundational beliefs that it promoted as we provide support and challenge for our students.

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

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

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

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

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

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

7) RISK MANAGEMENT: The Board is a member of the Pooled Insurance Program of New Jersey ("PIP"). The PIP is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost workers' compensation insurance coverage to its members. Additional information on the PIP is included in Note 11 to the Basic Financial Statements.

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

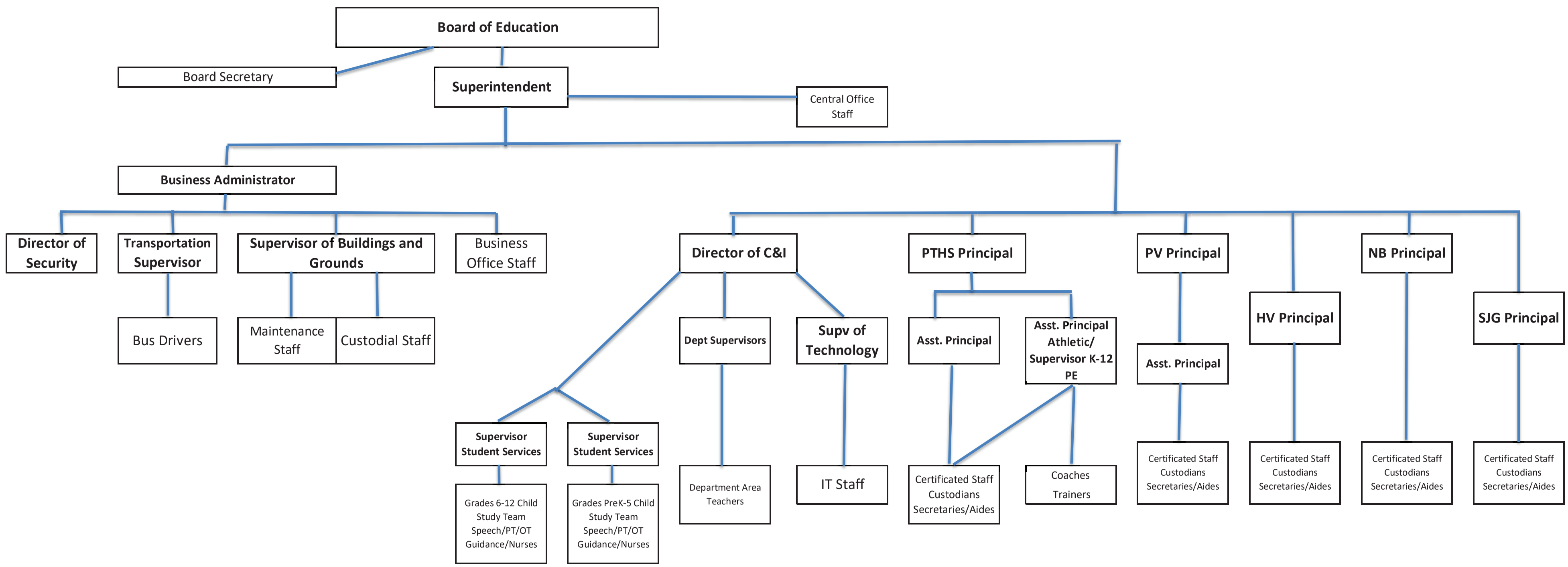
9) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Pequannock Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

Michael Portas
Superintendent of Schools

Gordon Gibbs
Business Administrator/Board Secretary

Pequannock Township Public Schools
Organizational Chart



Department area supervisors also report to building level principals

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2025

Members of the Board of Education	Term Expires
Brian Senyk, President	2027
Danielle Esposito, Vice President	2025
Joseph Blumert	2027
Sam Ciresi	2026
Timothy Gitin	2026
Tina Iaccheo	2027
Greg MacSweeney	2025
Vincent Pompeo	2025
Cara Shenton	2026

Other Officials	Title
Michael Portas	Superintendent of Schools
Gordon Gibbs	Business Administrator/Board Secretary
Raymond G. Karaty	Treasurer of School Monies
Chasan, Lamparello, Mallon & Cappuzzo	Board Attorney

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Attorney
Chasan, Lamparello, Mallon & Cappuzzo
300 Lighting Way, Suite 200
Secaucus, New Jersey 07094

Audit Firm
Nisivoccia, LLP
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320

Official Depository
Provident Bank
231 Black Oak Ridge Road
Wayne, NJ 07470

FINANCIAL SECTION

Mount Arlington, NJ
Newton, NJ
Bridgewater, NJ
973.298.8500
nisivoccia.com
Independent Member
BKR International

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the (the “District”), in the County of Morris, as of and for the fiscal 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 20 to the financial statements, the District implemented GASB Statement No. 101, *Compensated Absences*, during the fiscal year ended June 30, 2025. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Nisivoccia, LLP
NISIVOCCIA, LLP

Mount Arlington, New Jersey
November 3, 2025

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

This section of Pequannock Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2025. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

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

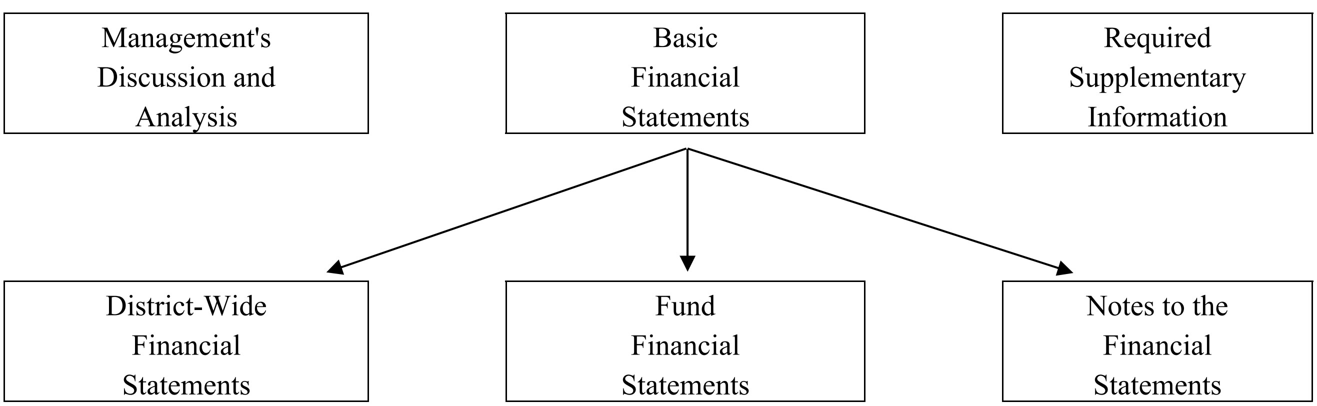


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

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

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services
Required Financial Statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances	• Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

Fund Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by 5.12%. Net position from governmental activities increased $1,399,794 and net position from business-type activities decreased by $16,536.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2024/2025	2023/2024*	2024/2025	2023/2024	2024/2025	2023/2024*	2024/2025
Current and Other Assets	$ 16,360,397	$ 16,861,714	$ 51,159	$ 100,574	$ 16,411,556	$ 16,962,288	
Capital Assets, Net	28,496,041	28,898,434	57,894	45,422	28,553,935	28,943,856	
Lease Assets, Net	41,208	74,236			41,208	74,236	
Total Assets	44,897,646	45,834,384	109,053	145,996	45,006,699	45,980,380	-2.12%
Deferred Outflows of Resources	968,473	772,702			968,473	772,702	25.34%
Other Liabilities	1,042,731	1,403,302	88,944	109,351	1,131,675	1,512,653	
Long-Term Liabilities	15,876,691	17,386,487			15,876,691	17,386,487	
Total Liabilities	16,919,422	18,789,789	88,944	109,351	17,008,366	18,899,140	-10.00%
Deferred Inflows of Resources	571,293	841,687			571,293	841,687	-32.13%
Net Position:							
Net Investment in Capital Assets	19,312,234	18,319,937	57,894	45,422	19,370,128	18,365,359	
Restricted	14,207,570	16,329,431			14,207,570	16,329,431	
Unrestricted/(Deficit)	(5,144,400)	(7,673,758)	(37,785)	(8,777)	(5,182,185)	(7,682,535)	
Total Net Position	$ 28,375,404	$ 26,975,610	$ 20,109	$ 36,645	$ 28,395,513	$ 27,012,255	5.12%

* - Restated

Net investment in capital assets increased due to capital asset additions and boned debt and financed purchases payments exceeding depreciation. Restricted net position decreased by $2,121,861 mainly due to a decrease in the capital reserve and maintenance reserves. Unrestricted net position increased by $2,500,350 primarily due revenues realized in excess of budgeted amounts, unexpended budget appropriations, and a decrease in encumbrances and changes in the net pension liability and related deferred inflows and outflows, offset by an increase in the compensated absences liability. (See Figure A-3).

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025
Revenue:							
Program Revenue:							
Charges for Services	$ 1,517,204	$ 1,581,201	$ 892,416	$ 833,312	$ 2,409,620	$ 2,414,513	
Grants and Contributions:							
Operating	7,927,985	9,357,319			7,927,985	9,357,319	
General Revenue:							
Property Taxes	40,763,220	39,638,078			40,763,220	39,638,078	
Federal and State Aid Not Restricted	2,824,615	977,514			2,824,615	977,514	
Other	1,002,920	818,947	3,158	3,789	1,006,078	822,736	
Total Revenue	54,035,944	52,373,059	895,574	837,101	54,931,518	53,210,160	3.24%
Expenses:							
Instruction	31,126,558	32,097,763			31,126,558	32,097,763	
Pupil and Instruction Services	10,126,757	9,193,993			10,126,757	9,193,993	
Administration and Business	4,321,074	4,193,158			4,321,074	4,193,158	
Maintenance and Operations	5,002,807	4,457,511			5,002,807	4,457,511	
Transportation	1,807,260	1,892,572			1,807,260	1,892,572	
Other	176,694	216,941	1,012,911	923,085	1,189,605	1,140,026	
Total Expenses	52,561,150	52,051,938	1,012,911	923,085	53,574,061	52,975,023	1.13%
Capital Contributions			25,801	15,735	25,801	15,735	63.97%
Transfers	(75,000)	(50,000)	75,000	50,000			
Change in Net Position	$ 1,399,794	$ 271,121	$ (16,536)	$ (20,249)	$ 1,383,258	$ 250,872	451.38%

Governmental Activities

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

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

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

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

Figure A-5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2024/2025	2023/2024	2024/2025	2023/2024
Instruction	$ 31,126,558	$ 32,097,763	$23,238,483	$22,664,136
Pupil & Instruction Services	10,126,757	9,193,993	9,063,357	8,169,973
Administration & Business	4,321,074	4,193,158	4,058,232	3,879,820
Maintenance & Operations	5,002,807	4,457,511	4,950,627	4,457,511
Transportation	1,807,260	1,892,572	1,628,568	1,725,037
Other	176,694	216,941	176,694	216,941
	$ 52,561,150	$ 52,051,938	$ 43,115,961	$ 41,113,418

Business-Type Activities

Net position from the District's business-type activities decreased by $16,536 (refer to Figure A-4) primarily due to expenses exceeding sales revenue in its food service operations. The District does not participate in the National School Lunch program.

Financial Analysis of the District's Funds

The District's General Fund financial position decreased $1,770,152 during the fiscal year primarily due to transfers to Capital Project Fund for current year budgeted projects. Expenditures during the recent fiscal year increased significantly due to more extensive instruction, related services and transportation costs associated with an increase in its students with special needs.

The District has had a multi-year practice of utilizing funds from unassigned General Fund balance to reduce the tax levy. As overall expenditure and revenue needs increase, the funds available to support future budgets decrease. Tax ratables of the municipality remain relatively stable; therefore, the District must monitor spending within the limits of the fund balance available to support subsequent year's expenditures and limitations on tax levy increases.

General Fund Budgetary Highlights

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

Capital Asset and Long-Term Liabilities Administration

Figure A-6
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2024/2025	2023/2024*	2024/2025	2023/2024	2024/2025	2023/2024*	2024/2025
Land	$ 4,659,600	$ 4,659,600			$ 4,659,600	$ 4,659,600	
Construction in Progress		4,352,142				4,352,142	
Site Improvements	4,229,571	2,802,445			4,229,571	2,802,445	
Buildings/Building Improvements	18,717,958	16,083,827			18,717,958	16,083,827	
Machinery and Equipment	888,912	1,000,420	$ 57,898	$ 45,422	946,810	1,045,842	
Total	$ 28,496,041	$ 28,898,434	$ 57,898	$ 45,422	$ 28,553,939	$ 28,943,856	-1.35%

The District's capital assets decreased $389,917 or 1.35% during the year. This is due to depreciation exceeding capital asset acquisitions. (More detailed information about the District's capital assets is presented in Note 6 to the financial statements).

Long-Term Liabilities

The District's overall long-term liabilities decreased $1,509,796, or 8.68% - as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

Figure A-7
Outstanding Long-Term Liabilities

	Total School District		Percentage Change
	2024/2025	2023/2024*	2024/2025
General Obligation Bonds (Financed with Property Taxes)	$ 5,140,000	$ 6,230,000	
Net Pension Liability - PERS	4,779,481	4,878,571	
Unamortized Bond Premiums	359,884	449,856	
Financed Purchases Payable	4,232,875	4,584,622	
Leases Payable	43,352	77,126	
Compensated Absences Payable	1,321,099	1,166,312	
	$ 15,876,691	$ 17,386,487	-8.68%

* - Restated

Factors Bearing on the District's Future

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 7,832,589	$ 22,370	$ 7,854,959
Receivables from Federal Government	34,437		34,437
Receivables from State Government	995,555		995,555
Receivables - Other	262,093	15,263	277,356
Inventory		13,526	13,526
Restricted Cash and Cash Equivalents	7,235,723		7,235,723
Capital Assets, Net:			
Sites (Land)	4,659,600		4,659,600
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	23,836,441	57,894	23,894,335
Lease Assets, Net	41,208		41,208
Total Assets	44,897,646	109,053	45,006,699
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	191,212		191,212
Deferred Outflows - Pensions	777,261		777,261
Total Deferred Outflows of Resources	968,473		968,473
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	87,314		87,314
Payable to State Government	13,218		13,218
Accounts Payable	884,965	76,531	961,496
Unearned Revenue	57,234	12,413	69,647
Noncurrent Liabilities:			
Due Within One Year	1,636,153		1,636,153
Due Beyond One Year	14,240,538		14,240,538
Total Liabilities	16,919,422	88,944	17,008,366
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	571,293		571,293
Total Deferred Inflows of Resources	571,293		571,293
NET POSITION			
Net Investment in Capital Assets	19,312,234	57,894	19,370,128
Restricted for:			
Unemployment Compensation	913,966		913,966
Student Activities	272,925		272,925
Scholarships	126,288		126,288
Capital Projects	4,636,706		4,636,706
Debt Service	1		1
Excess Surplus	6,957,684		6,957,684
Maintenance	1,300,000		1,300,000
Unrestricted/(Deficit)	(5,144,400)	(37,785)	(5,182,185)
Total Net Position	$ 28,375,404	$ 20,109	$ 28,395,513

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	$ 21,041,959	$ 214,746	$ 2,788,485		$ (18,038,728)		$ (18,038,728)
Special Education	8,115,588	906,814	3,748,276		(3,460,498)		(3,460,498)
Other Special Instruction	470,761		65,616		(405,145)		(405,145)
School Sponsored Instruction	1,498,250		164,138		(1,334,112)		(1,334,112)
Support Services:							
Tuition	2,592,415		522,892		(2,069,523)		(2,069,523)
Student & Instruction Related Services	7,534,342	395,644	144,864		(6,993,834)		(6,993,834)
General Administrative Services	776,094		10,037		(766,057)		(766,057)
School Administrative Services	2,553,077		233,937		(2,319,140)		(2,319,140)
Central Services	720,783		14,621		(706,162)		(706,162)
Administration Information Technology	271,120		4,247		(266,873)		(266,873)
Plant Operations and Maintenance	5,002,807		52,180		(4,950,627)		(4,950,627)
Pupil Transportation	1,807,260		178,692		(1,628,568)		(1,628,568)
Interest on Long-Term Debt	176,694				(176,694)		(176,694)
Total Governmental Activities	52,561,150	1,517,204	7,927,985		(43,115,961)		(43,115,961)

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	$ 1,012,911	$ 892,416		$ 25,801		$ (94,694)	$ (94,694)
Total Business-Type Activities	1,012,911	892,416		25,801		(94,694)	(94,694)
Total Primary Government	$ 53,574,061	$ 2,409,620	$ 7,927,985	$ 25,801	$ (43,115,961)	(94,694)	(43,210,655)
General Revenues and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					39,780,265		39,780,265
Taxes Levied for Debt Service					982,955		982,955
Federal and State Aid Not Restricted					2,824,615		2,824,615
Investment Earnings					188,119	3,158	191,277
Miscellaneous Income					814,801		814,801
Transfers					(75,000)	75,000	
Total General Revenues and Transfers					44,515,755	78,158	44,593,913
Change in Net Position					1,399,794	(16,536)	1,383,258
Net Position - Beginning (Restated)					26,975,610	36,645	27,012,255
Net Position - Ending					$ 28,375,404	$ 20,109	$ 28,395,513

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

FUND FINANCIAL STATEMENTS

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	$ 7,292,787	$ 34,398	$ 505,403	$ 1	$ 7,832,589
Interfund Receivable	505,403	14,162			519,565
Receivable from Federal Government	3,759	30,678			34,437
Receivable from State Government	995,555				995,555
Receivable - Other	262,084	9			262,093
Restricted Cash and Cash Equivalents	6,850,672	385,051			7,235,723
TOTAL ASSETS	$ 15,910,260	$ 464,298	$ 505,403	$ 1	$ 16,879,962
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfund Payable	$ 14,162		$ 505,403		$ 519,565
Payable to State Government		$ 13,218			13,218
Accounts Payable	368,026	23,378			391,404
Unearned Revenue	28,745	28,489			57,234
Total Liabilities	410,933	65,085	505,403		981,421
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	3,182,901				3,182,901
Excess Surplus - Prior Year - For Subsequent Year's Expenditures	3,774,783				3,774,783
Capital Reserve Account	4,636,706				4,636,706
Maintenance Reserve Account	1,300,000				1,300,000
Unemployment Compensation	913,966				913,966
Student Activities		272,925			272,925
Scholarships		126,288			126,288
Debt Service Fund				$ 1	1
Assigned:					
Year-End Encumbrances	136,460				136,460
For Subsequent Year's Expenditures	293,253				293,253
Unassigned/(Deficit)	1,261,258				1,261,258
Total Fund Balances/(Deficit)	15,499,327	399,213		1	15,898,541
TOTAL LIABILITIES & FUND BALANCES	$ 15,910,260	$ 464,298	$ 505,403	$ 1	$ 16,879,962

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

Amounts Reported for G*overnmental Activities* in the Statement of Net Position (A-1) are Different Because:	
Total Fund Balances - Governmental Funds (*Above*)	$ 15,898,541
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	28,496,041
Leased Assets, Net used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	41,208
Long-Term Liabilities, including Bonds Payable, Net Pension Liability for PERS, Leases Payable and Financed Purchases Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(15,516,807)
Bond Premiums are reported as revenue in the funds in the year the bonds are sold.	(359,884)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows	283,700
Deferred Inflows	(571,293)
The Deferred amount on the refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure.	191,212
Accrued Interest on Long-Term Liabilities, including Bonds Payable, is not due and payable in the current period and therefore is not reported as a liability in the funds.	(87,314)
Net Position of Governmental Activities (Exhibit A-1)	$ 28,375,404

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	$ 39,780,265			$ 982,955	$ 40,763,220
Tuition	1,121,560				1,121,560
Capital Reserve Interest	163,363				163,363
Maintenance Reserve Interest	500				500
Rents and Royalties	118,714				118,714
Restricted Miscellaneous	47,014	$ 395,644	$ 24,256		466,914
Unrestricted Miscellaneous	649,073	2,246			651,319
Total - Local Sources	41,880,489	397,890	24,256	982,955	43,285,590
State Sources	13,848,258	478,128	1,725,850	344,121	16,396,357
Federal Sources	8,409	828,699			837,108
Total Revenues	55,737,156	1,704,717	1,750,106	1,327,076	60,519,055
EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	14,196,224	487,199			14,683,423
Special Education Instruction	6,255,482	190,308			6,445,790
Other Special Instruction	319,569				319,569
School Sponsored Instruction	1,120,040				1,120,040
Support Services and Undistributed Costs:					
Tuition	2,069,523	522,892			2,592,415
Student & Instruction Related Services	5,320,528	400,599			5,721,127
General Administration Services	682,476				682,476

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

EXPENDITURES	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Current:					
Support Services and Undistributed Costs: (Cont'd)					
School Administration Services	$ 1,668,504				$ 1,668,504
Central Services	550,057				550,057
Administrative Information Technology	145,647				145,647
Plant Operations and Maintenance	3,902,079				3,902,079
Pupil Transportation	1,330,298				1,330,298
Unallocated Benefits	18,136,779				18,136,779
Capital Outlay	166,985	$ 108,674	$ 1,662,373		1,938,032
Debt Service:					
Principal				$ 1,090,000	1,090,000
Interest and Other Charges				237,075	237,075
Total Expenditures	55,864,191	1,709,672	1,662,373	1,327,075	60,563,311
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(127,035)	(4,955)	87,733	1	(44,256)
OTHER FINANCING SOURCES/(USES):					
Transfers In/(Out)	(1,643,117)		1,568,117		(75,000)
Total Other Financing Sources/(Uses)	(1,643,117)		1,568,117		(75,000)
Net Change in Fund Balances	(1,770,152)	(4,955)	1,655,850	1	(119,256)
Fund Balance (Deficit) - July 1	17,269,479	404,168	(1,655,850)		16,017,797
Fund Balance (Deficit) - June 30	$ 15,499,327	$ 399,213	$ - 0 -	$ 1	$ 15,898,541

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	$	(119,256)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in the Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation during the period.		
Capital Asset Additions		1,887,462
Depreciation Expense		(2,289,855)
Capital outlays related to lease assets are reported in Governmental Funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.		
Amortization Expense		(33,028)
In the Statement of Activities, certain operating expenses, e.g., compensated absences (sick days) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(154,787)
Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces Long-term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		1,090,000

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	$ 99,090
Change in Deferred Outflows	203,872
Change in Deferred Inflows	270,394
The Governmental Funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities (+).	89,972
In the Statement of Activities, Interest on Long-term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	18,212
Repayment of leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	33,774
Repayment of financed purchases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	351,747
The Governmental Funds report the effect of the deferred amount on the refunding when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities (-).	(47,803)
Change in Net Position of Governmental Activities (Exhibit A-2)	$ 1,399,794

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

Exhibit B-4

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Business-Type Activities: Enterprise Fund
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 22,370
Other Receivable	15,263
Inventory	13,526
Total Current Assets	51,159
Non-Current Assets:	
Capital Assets	213,454
Less: Accumulated Depreciation	(155,560)
Total Non-Current Assets	57,894
Total Assets	109,053
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	12,413
Accounts Payable - Vendors	76,531
Total Liabilities	88,944
NET POSITION:	
Investment in Capital Assets	57,894
Unrestricted/(Deficit)	(37,785)
Total Net Position	$ 20,109

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

Exhibit B-5

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities: Enterprise Fund
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	$ 892,416
Total Operating Revenue	892,416
Operating Expenses:	
Cost of Sales - Nonreimbursable Programs	479,678
Salaries	301,725
Payroll Taxes	46,037
Employee Benefits	21,072
Purchased Property Services	76,225
Supplies and Materials	34,835
Depreciation Expense	13,329
Miscellaneous Expenses	40,010
Total Operating Expenses	1,012,911
Operating (Loss)	(120,495)
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	3,158
Total Non-Operating Revenue	3,158
Change in Net Position Before Transfer and Capital Contributions	(117,337)
Capital Contributions - General Fund	25,801
Transfer - Board Contribution from General Fund	75,000
Change in Net Position	(16,536)
Net Position - Beginning of Year	36,645
Net Position - End of Year	$ 20,109

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities: Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from Customers	$ 883,348
Payments to Food Service Vendors	(976,917)
Net Cash Provided by/(Used for) used for Operating Activities	(93,569)
Cash Flows from Investing Activities:	
Interest Revenue	3,158
Net Cash Provided by/(Used for) Investing Activities	3,158
Cash Flows from Noncapital Financing Activities:	
Transfer - Board Contribution	75,000
Net Cash Provided by Noncapital Financing Activities	75,000
Net Increase/(Decrease) in Cash and Cash Equivalents	(15,411)
Cash and Cash Equivalents, July 1	37,781
Cash and Cash Equivalents, June 30	$ 22,370
Reconciliation of Operating Loss to Net Cash Provided by/(Used for) Operating Activities:	
Operating (Loss)	$ (120,495)
Depreciation	13,329
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	(11,339)
Increase/(Decrease) in Prepaid Sales	(9,068)
Decrease/(Increase) in Other Receivables	(15,263)
Decrease/(Increase) in Inventory	49,267
Net Cash Provided by/(Used for) Operating Activities	$ (93,569)

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

B. Basis of Presentation: (Cont'd)

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

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

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

The District reports the following proprietary funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

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

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

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

Sources/Inflows of Resources:	General Fund	Special Revenue Fund
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	$ 55,763,732	$ 1,675,836
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not:		
Current Year Encumbrances		(25,467)
Prior Year Encumbrances		54,348
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	251,783	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(278,359)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 55,737,156	$ 1,704,717
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 55,864,191	$ 1,680,791
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(25,467)
Prior Year Encumbrances		54,348
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 55,864,191	$ 1,709,672

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

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

		Capital Projects Fund
		Revenue
Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (per Exhibit F-1)	$	- 0 -
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grants are Recognized as Revenue on the Budgetary Basis when awarded but are not Recognized on the GAAP Basis until Expended and Requested for Reimbursment.		1,725,850
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (per Exhibit B-2)	$	1,725,850

E. Cash and Cash Equivalents and Investments:

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

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2025.

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

K. Capital Assets:

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

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

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

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

L. Lease Assets

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

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets are determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

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

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

O. Accrued Salaries and Wages:

The District does not allow employees who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed over the entire twelve-month year. However, the District does give ten-month employees the option to put 10% of their salaries each pay period towards a summer payment. The District disbursed those salary amounts prior to June 30; therefore, the District had no accrued salaries and wages for this purpose as of June 30, 2025.

P. Compensated Absences:

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

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

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

Q. Lease Payable

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

R. Subscriptions Payable

In the district-wide financial statements, subscriptions payable are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. Unearned Revenue:

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

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

T. Fund Balance Appropriated:

General Fund: Of the $15,499,327 General Fund balance at June 30, 2025, $136,460 is assigned for encumbrances; $4,636,706 is restricted in the capital reserve account; $1,300,000 is restricted in the maintenance reserve account; $913,966 is restricted for unemployment compensation; $3,182,901 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2027; $3,774,783 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2026, $293,253 is assigned fund balance designated for subsequent year's expenditures; $1,261,258 is unassigned which is $278,359 less than the calculated budgetary unassigned fund balance due to the last two June state aid payments, which are not recognized on the GAAP basis until the fiscal year ended June 30, 2026.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2025 is $399,213 and is restricted for student activities and scholarships.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2025 is $-0-.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2025 is $1 and is restricted.

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

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

U. Deficit Fund Balance/Net Position:

The District had a $5,144,400 deficit in unrestricted net position in its governmental activities, which is primarily due to accrual of the net pension liability and related deferred outflows and inflows as well as compensated absences and accrued interest payable. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles. The District had a $37,785 deficit in fund balance in its Food Service proprietary fund and unrestricted net position in its business type activities, which is primarily due to increased expenses that were offset by a Board contribution. The District will eliminate this deficit by increasing food prices or reducing food service costs.

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

V. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2025 for the deferred amount on refunding of debt, and pensions.

The District had a deferred inflow of resources at June 30, 2025 for pensions.

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

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body to remove or change the commitment of resources. The District had no committed resources at June 30, 2025.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2025.

X. Operating Revenue and Expenses:

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

Y. Revenue - Exchange and Nonexchange Transactions:

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

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

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

Z. Management Estimates:

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

AA. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

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

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

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

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

Deposits:

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

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

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

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

Investments

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

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

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

Investments (Cont'd)

(8) Agreements for the repurchase of fully collateralized securities if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41; and

(e) a master repurchase agreement providing for the custody and security of collateral is executed; or

(9) Deposit of funds in accordance with the following conditions:

(a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;

(b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;

(c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;

(d) The designated public depository acts as custodian for the school district with respect to these deposits; and

(e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

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

Investments (Cont'd)

As of June 30, 2025, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	$ 7,854,959	$ 7,235,723	$ 15,090,682

During the period ended June 30, 2025, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2025, was $15,090,682 and the bank balances were $16,157,020.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the Capital Reserve Account for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance, July 1, 2024	$ 5,815,716
Interest Earnings	163,363
Increase by Board Resolution in June 2025	250,000
Transfer from Capital Projects Fund (Unexpended Project Balances)	81,960
Budgeted Withdrawal	(1,674,333)
Ending Balance, June 30, 2025	$ 4,636,706

The balance in the Capital Reserve Account at June 30, 2025 does not exceed the local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). The withdrawals from the Capital reserve Account were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2025, the District transferred $162,404 to equipment which does not require County Superintendent approval and $10,500 to Facilities Acquisition and Construction Services line items which require County Superintendent approval and was obtained.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2025 were as follows:

	(Restated) Balance 6/30/2024	Increases	Transfers & Deletions	Balance 6/30/2025
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Sites (Land)	$ 4,659,600			$ 4,659,600
Construction in Progress	4,352,142	$ 1,662,373	$ (6,014,515)	
Total Capital Assets Not Being Depreciated	9,011,742	1,662,373	(6,014,515)	4,659,600
Capital Assets Being Depreciated:				
Site Improvements	4,938,342	96,121	1,662,373	6,696,836
Buildings and Building Improvements	45,673,507		4,352,142	50,025,649
Machinery and Equipment	4,841,566	128,968	(194,487)	4,776,047
Total Capital Assets Being Depreciated	55,453,415	225,089	5,820,028	61,498,532
Governmental Activities Capital Assets	64,465,157	1,887,462	(194,487)	66,158,132
Less Accumulated Depreciation for:				
Site Improvements	(2,135,897)	(331,368)		(2,467,265)
Buildings and Building Improvements	(29,589,680)	(1,718,011)		(31,307,691)
Machinery and Equipment	(3,841,146)	(240,476)	194,487	(3,887,135)
	(35,566,723)	(2,289,855)	194,487	(37,662,091)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 28,898,434	$ (402,393)	$ - 0 -	$ 28,496,041
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	$ 189,903	$ 25,801	$ (2,250)	$ 213,454
Less Accumulated Depreciation	(144,481)	(13,325)	2,250	(155,556)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	$ 45,422	$ 12,476	$ - 0 -	$ 57,898

The District expended $225,089 for improvements and/or equipment from the General Fund and Special Revenue Fund capital outlay accounts during the fiscal year. As of June 30, 2025, the District has $-0- in active or open construction projects.

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	$ 918,966
Student & Instructional Related Services	59,088
School Administrative Services	212,217
Operations and Maintenance of Plant	707,860
Pupil Transportation	391,724
Total Annual Depreciation Expense	$ 2,289,855

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2025, the following changes occurred in liabilities reported in the district-wide financial statements:

	(Restated) Balance 6/30/2024	Accrued	Retired	Balance 6/30/2025	Amounr Due Within One Year
Serial Bonds Payable	$ 6,230,000		$ 1,090,000	$ 5,140,000	$ 1,135,000
Unamortized Bond Premiums	449,856		89,972	359,884	89,972
Compensated Absences Payabl	1,166,313	$ 207,736	52,950	1,321,099	23,738
Leases Payable	77,129		33,777	43,352	34,750
Financed Purchases Payable	4,584,622		351,747	4,232,875	352,693
Net Pension Liability - PERS	4,878,571		99,090	4,779,481	
	$ 17,386,491	$ 207,736	$ 1,717,536	$ 15,876,691	$ 1,636,153

A. Bonds Payable:

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

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

On February 25, 2016, the District issued refunding school bonds of $9,025,000 with interest rates ranging from 2.00% to 4.00% to refund $9,460,000 of 2009 School Renovations and Alterations bonds with interest rates ranging from 3.75% to 4.00%. The bonds mature on January 15, 2017 through 2029 and are non-callable. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 2009 school bonds were called on January 15, 2018.

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

A. Bonds Payable: (Cont'd)

The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements. As a result of the refunding, the District will realize a total of $887,794 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to $778,118, or 8.225%, of the bonds refunded.

The District had bonds outstanding as of June 30, 2025 as follows:

Purpose	Final Maturity	Interest Rate	Amount
School Renovation Project	8/12/2029	3.25% - 3.875%	$ 1,415,000
Refunding Bonds	1/15/2029	4.00%	3,725,000
			$ 5,140,000

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

Year Ending June 30,	Principal	Interest	Total
2026	$ 1,135,000	$ 199,725	$ 1,334,725
2027	1,185,000	156,313	1,341,313
2028	1,235,000	110,631	1,345,631
2029	1,285,000	62,300	1,347,300
2030	300,000	16,625	316,625
	$ 5,140,000	$ 545,594	$ 5,685,594

B. Bonds Authorized But Not Issued:

There were no bonds authorized but not issued as of June 30, 2025.

C. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in the long-term liabilities. The current portion of unamortized bond issuance premiums at June 30, 2025 is $89,972 and the long-term portion is $269,912.

D. Compensated Absences:

The current contract with the teaching and support staff limits the District's fiscal year payout for their compensated absences to $65,000 per fiscal year. If the District's annual payout for teaching and support staff retirees exceeds $65,000 in any fiscal year, the amount would be prorated among the retirees so as not to exceed $65,000 in any fiscal year. Employees receive their payout on June 30 of the year in which they retire.

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

D. Compensated Absences: (Cont'd)

Should an employee not receive the full amount of their accrual, it does not carry forward past the first year of their retirement.

The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities and will be liquidated by the General Fund. The current portion of the compensated absences balance of the governmental funds at June 30, 2025 is $23,738 and the long-term portion of compensated absences is $1,297,361.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2025, no liability existed for compensated absences in the Food Service Enterprise Fund.

E. Leases Payable

The District had leases outstanding as of June 30, 2025 as follows:

Purpose	Commencement Date	Frequency of Payment	Final Maturity Date	Interest Rate	Amount
Copier Lease	09/09/21	Monthly	08/09/26	3.100%	$ 38,285
Mailer Lease	01/30/23	Quarterly	10/30/27	2.000%	5,067
					$ 43,352

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

Fiscal Year Ending June 30,	Governmental Activities Principal	Interest
2026	$ 34,750	$ 727
2027	7,581	36
2028	1,021	3
	$ 43,352	$ 766

F. Financed Purchases Payable:

The District has a financed purchases agreement for a bus and maintenance vehicle under a financed purchases agreement for $250,000, of which $250,000 has been liquidated as of June 30, 2025. Additionally, on May 12, 2021, the District entered into a $5,225,698 financed purchase agreement, with a fifteen-year term, to fund the implementation of the District's Energy Savings Improvement Program (ESIP), entailing various permitted energy conservation measures under the ESIP Law, throughout the District. As of June 30, 2025, $992,823 of the financed purchase payments have matured and been repaid.

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

F. Financed Purchase Payable: (Cont'd)

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

The financed purchases payable will be liquidated by the General Fund. The current portion for governmental financed purchases is $352,693 and the long-term portion is $3,880,182.

A schedule of the future minimum financed purchase payments under these financed purchases, and the present value of the net minimum financed purchase payments at June 30, 2025.

Fiscal Year Ending June 30,	Amount
2026	$ 381,709
2027	389,776
2028	359,530
2029	367,968
2030	376,595
2031-2035	1,596,618
2036-2037	1,298,065
Total Minimum Financed Purchase Payments	4,770,261
Less: Amount Representing Interest	(537,386)
Present Value of Net Minimum Financed Purchase Payments	$ 4,232,875

G. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2025 is $-0- and the long-term portion is $4,779,481. See Note 10 for further information on the PERS.

NOTE 8. ECONOMIC DEPENDENCY

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

NOTE 9. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2025 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	$ 165,140			$ 165,140
Total Lease Assets Being Amortized	165,140			165,140
Governmental Activities Lease Assets	165,140			165,140
Less Accumulated Amortization for:				
Machinery and Equipment	(90,904)	$ (33,028)		(123,932)
	(90,904)	(33,028)		(123,932)
Governmental Activities Lease Assets, Net of Accumulated Amortization	$ 74,236	$ (33,028)	$ - 0 -	$ 41,208

Amortization expense in the amount of $33,028 was charged to governmental functions as regular instruction.

NOTE 10. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Tiers	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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

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

District contributions to PERS amounted to $486,105 for the current fiscal year. During the fiscal year ended June 30, 2024, the State of New Jersey contributed $15,409 to the PERS for normal pension benefits on behalf of the District.

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

NOTE 10. PENSION PLANS (Cont'd)

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

Special Funding Situation

Under N.J.SA. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be 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 under the legislation 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 statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2025, the District's liability was $4,779,481 for its proportionate share of the net pension liability, which was measured as of as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.035174%, which was an increase of 0.0015% as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized an actual pension benefit of $87,297. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense for PERS on behalf of the District in the amount of $15,409 and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page:

NOTE 10. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2020	5.16		$ (34,733)
	2021	5.13	$ 5,938	
	2022	5.04		(19,647)
			5,938	(54,380)
Difference Between Expected and Actual Experience	2020	5.16	1,936	
	2021	5.13		(4,722)
	2022	5.04		(8,002)
	2023	5.08	24,585	
	2024	5.08	69,221	
			95,742	(12,724)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		(328,081)
	2022	5.00		520,449
	2023	5.00		(134,961)
	2024	5.00		(279,018)
				(221,611)
Changes in Proportion	2020	5.16		(21,191)
	2021	5.13		(16,059)
	2022	5.04		(18,764)
	2023	5.08		(226,564)
	2024	5.08	182,020	
			182,020	(282,578)
District Contribution Subsequent to Measurement Date	2024	1.00	493,561	
			$ 777,261	$ (571,293)

NOTE 10. PENSION PLANS (Cont'd)

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding the District contribution subsequent to the measurement date) related to pensions will be recognized in the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2025	$ (276,473)
2026	117,027
2027	(119,652)
2028	(13,421)
2029	4,926
	$ (287,593)

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:

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%

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

NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 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 pension 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' 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 Market 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 10. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 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 upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The figure on the following page presents the District's proportionate share of the collective net pension liability as of June 30, 2024 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	$ 6,350,755	$ 4,779,481	$ 3,442,335

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description (Cont'd)

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

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

Tiers	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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

NOTE 10. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2025, the State of New Jersey contributed $6,741,468 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of ($287,152).

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

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

At June 30, 2025, the District reported a liability of $78,718,248. 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 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.1593%, which was an increase of 0.0047% as of June 30, 2023.

District's Proportionate Share of the Net Pension Liability	$	- 0 -
State's Proportionate Share of the Net Pension Liability Associated with the District		78,718,248
Total	$	78,718,248

For the fiscal year ended June 30, 2024, the State recognized pension benefit on behalf of the District in the amount of $287,152 and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	8.30		$ 480,199,664
	2018	8.29		1,060,765,245
	2019	8.04		1,016,333,107
	2020	7.99	$ 603,633,698	
	2021	7.93		7,317,559,989
	2022	7.83	67,989,902	
			671,623,600	9,874,858,005
Difference Between Expected and Actual Experience	2017	8.30	8,543,764	
	2018	8.29	186,086,527	
	2019	8.04		39,486,140
	2020	7.99		3,217,090
	2021	7.93	97,106,767	
	2022	7.83		12,735,529
	2023	7.93	144,751,819	
	2024	7.84		211,440,707
			436,488,877	266,879,466
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		888,658,452
	2022	5.00		(1,659,667,329)
	2023	5.00		357,972,332
	2024	5.00		816,400,864
				403,364,319
			$ 1,108,112,477	$ 10,545,101,790

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2025	$ (3,681,028,670)
2026	(1,839,302,001)
2027	(1,977,654,443)
2028	(1,907,819,552)
2029	2,992,761
Thereafter	(34,177,408)
	$ (9,436,989,313)

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% – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 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' 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 Market 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%

Discount Rate – TPAF

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

The table below presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2024 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2024		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	$ 93,567,782	$ 78,718,248	$ 66,212,134

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of $21,913 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to $29,867 for the fiscal year ended June 30, 2025.

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance and Health Benefits

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

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

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

The PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The audit of the PIP for the year ended June 30, 2025 was not available as of the date of this report. Selected, summarized financial information as of June 30, 2024 is as follows:

	Pooled Insurance Program of New Jersey
Total Assets	$ 22,064,961
Net Position	$ 2,480,582
Total Revenue	$ 12,067,611
Total Expenses	$ 12,287,913
Change in Net Position	$ (220,302)
Member Dividends	$ -0-

NOTE 11. RISK MANAGEMENT (Cont'd)

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

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

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

New Jersey Unemployment Compensation Insurance

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

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

Fiscal Year	Employee Contributions	District Contributions	Interest	Amount Reimbursed	Ending Balance
2025	$ 58,330		$ 32,343	$ 43,658	$ 913,966
2024	28,293	$ 50,000	33,120	45,821	866,951
2023	55,812	50,000	20,879	30,662	801,359

NOTE 12. DEFERRED COMPENSATION

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

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

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

Encumbrances

At June 30, 2025, there were encumbrances as detailed below in the governmental funds:

General Fund	Special Revenue Fund	Total Governmental Funds
$ 136,460	$ 25,467	$ 161,927

On the District's Governmental Funds Balance Sheet as of June 30, 2025, $-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances of $25,467 are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances existed as of June 30, 2025:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 505,403	$ 14,162
Special Revenue Fund	14,162	
Capital Projects Fund		505,403
	$ 519,565	$ 519,565

The interfund payable in the General Fund is due to the Special Revenue Fund for the collection of student activity receipts. During the fiscal year, the General Fund transferred $75,000 to the Food Service Enterprise Fund to cover a shortfall in operations. The interfund receivable in the General Fund comprised of cash due from the Capital Projects Fund for the cancellation of unexpended balances on current and prior year capital projects, and current year interest. The Capital Projects Fund transferred to the General Fund for unexpended projects of the current and prior year projects a net amount of $2,240,638.

NOTE 15. TAX CALENDAR

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

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

NOTE 16. MAINTENANCE RESERVE ACCOUNT

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

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

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

Beginning Balance, July 1, 2024	$ 1,366,667
Interest Earnings	500
Increase by Board Resolution in June 2025	468,715
Unexpended Balances Returned	413,629
Budgeted Withdrawal	(949,511)
Ending Balance, June 30, 2025	$ 1,300,000

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2025:

	Governmental Funds		District Contribution Subsequent to the Measurement Date		Proprietary Fund
	General Fund	Special Revenue Fund		Total Governmental Activities	Food Service
Vendors	$ 320,982	$ 23,378		$ 344,360	$ 76,531
Payroll Deductions and Witholdings	47,044			47,044	
Due to:					
State of New Jersey			$ 493,561	493,561	
	$ 368,026	$ 23,378	$ 493,561	$ 884,965	$ 76,531

NOTE 18. TAX ABATEMENTS

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

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

The Township of Pequannock recognized revenue in the amount of $145,255 from one payment in lieu of taxes ("PILOT”) agreement. The taxes which would have been paid on this property for 2024 without the abatement would have been $289,297 of which $92,247 would have been for the local school tax.

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired 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 Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's annual financial statements which can be found at https://www.nj.gov/treasury/pensions/gasb-notices-opeb.shtml.

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Employees Covered by Benefit Terms

At June 30, 2023, the plan membership consisted of the following:

Retirees, Plan Members, and Spouses of Retirees Currently Receiving Benefit Payments	153,556
Active Plan Members	219,185
Total	372,741

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

Actuarial Assumptions and Other Inputs

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

	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	2.75% - 5.65% based on years of service	2.75% - 6.55% based on years of service	3.25% - 16.25% based on years of service

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

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 were 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 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend 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 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 State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	Total OPEB Liability
Balance at June 30, 2023	$ 79,831,475
Changes for Year:	
Service Cost	3,072,057
Interest on the Total OPEB Liability	2,976,084
Differences between Expected and Actual Experience	(38,416)
Changes in Assumptions	6,763,872
Contributions from Members	77,826
Gross Benefit Payments by the State	(2,272,883)
Net Changes	10,578,540
Balance at June 30, 2024	$ 90,410,015

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2024	At 1% Decrease (2.93%)	At Discount Rate (3.93%)	At 1% Increase (4.93%)
Total OPEB Liability Attributable to the District	$ 105,889,490	$ 90,410,015	$ 77,824,895

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2024	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	$ 75,312,201	$ 90,410,015	$ 110,075,914

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of $2,432,884 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is $-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources.

At June 30, 2024, the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		$ 1,733,851
	2018	9.51		2,116,749
	2019	9.29	$ 333,965	
	2020	9.24	8,614,811	
	2021	9.24	50,886	
	2022	9.13		13,825,937
	2023	9.30	125,561	
	2024	9.33	6,038,912	
			15,164,135	17,676,537
Differences between Expected and Actual Experience	2018	9.51		2,000,986
	2019	9.29		3,930,783
	2020	9.24	8,029,342	
	2021	9.24		9,785,806
	2022	9.13	1,423,873	
	2023	9.30		1,166,422
	2024	9.33	215,071	
			9,668,286	16,883,997
Changes in Proportion	N/A	N/A	1,360,367	3,279,460
			$ 26,192,788	$ 37,839,994

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

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

At June 30, 2024, the State had deferred outflows of resources and deferred inflows of resources excluding changes in proportion related to OPEB associated with the District from the following sources.

Fiscal Year Ending June 30,	Total
2025	$ (3,206,949)
2026	(2,689,045)
2027	(1,277,211)
2028	335,673
2029	(2,330,668)
Thereafter	(559,913)
	$ (9,728,113)

NOTE 20. PRIOR PERIOD ADJUSTMENTS

GASB Statement No. 101, *Compensated Absences*, was implemented during the year ended June 30, 2025. As required under the standard, the District made a change in accounting principal restatement to the amount reported as compensated absences in the Notes to the Financial Statements at June 30, 2024. The District also made a prior year error correction to the district wide financial statements to reflect the amounts in the District's capital assets appraisal report as of June 30, 2024. The restated balance as of June 30, 2024 is on the following page.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 20. PRIOR PERIOD ADJUSTMENTS (Cont'd)

Statement of Net Position - Governmental Activities:	Balance at June 30, 2024 as Previously Reported	Change in Accounting Principal/Error Correction	Balance at June 30, 2024 as Restated
Assets:			
Capital Assets:			
Depreciable Site Improvements, Buildings and Building Improvements, Furniture, Machinery, Equipment, and Vehicles	$ 21,623,231	$ (1,736,539)	$ 19,886,692
Total Assets	$ 47,570,923	$ (1,736,539)	$ 45,834,384
Noncurrent Liabilities:			
Due Beyond One Year	$ 14,828,369	$ 992,626	$ 15,820,995
Total Noncurrent Liabilities	$ 17,797,163	$ 992,626	$ 18,789,789
Net Position:			
Net Investment in Capital Assets	$ 20,056,476	$ (1,736,539)	$ 18,319,937
Unrestricted/(Deficit)	$ (6,681,132)	$ (992,626)	$ (7,673,758)
Total Net Position	$ 29,704,775	$ (2,729,165)	$ 26,975,610

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension liability	0.0430193461%	0.0435155578%	0.0428972281%	0.0410807800%	0.0395371493%	0.0365016828%	0.0361673753%	0.0359236914%	0.0368161760%	0.0351741603%
District's proportionate share of the net pension liability	$ 9,656,981	$ 12,888,060	$ 9,985,789	$ 8,088,600	$ 7,123,995	$ 5,952,470	$ 4,284,568	$ 5,421,380	$ 4,878,571	$ 4,779,481
District's covered employee payroll	$ 2,894,283	$ 2,903,815	$ 2,894,287	$ 2,856,368	$ 2,694,579	$ 2,566,001	$ 2,680,675	$ 2,613,544	$ 2,618,671	$ 2,863,136
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	333.66%	443.83%	345.02%	283.18%	264.38%	231.97%	159.83%	207.43%	186.30%	166.93%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%	68.22%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	$ 369,851	$ 386,586	$ 400,248	$ 408,621	$ 391,842	$ 401,133	$ 423,562	$ 453,015	$ 455,791	$ 486,105
Contributions in relation to the contractually required contribution	(369,851)	(386,586)	(400,248)	(408,621)	(391,842)	(401,133)	(423,562)	(453,015)	(455,791)	(486,105)
Contribution deficiency/(excess)	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -
District's covered employee payroll	$ 2,903,815	$ 2,894,287	$ 2,856,368	$ 2,694,579	$ 2,566,001	$ 2,680,675	$ 2,613,544	$ 2,618,671	$ 2,863,136	$ 2,987,297
Contributions as a percentage of covered employee payroll	12.74%	13.36%	14.01%	15.16%	15.27%	14.96%	16.21%	17.30%	15.92%	16.27%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
State's proportion of the net pension liability attributable to the District	0.1573045551%	0.1558576554%	0.1578440446%	0.1581692231%	0.1558997954%	0.1556610407%	0.1490656400%	0.1522936392%	0.1545963840%	0.1592677355%
State's proportionate share of the net pension liability attributable to the District	$ 99,423,196	$ 122,607,555	$ 106,424,146	$ 100,623,862	$ 95,677,176	$ 102,500,922	$ 71,663,588	$ 78,575,013	$ 78,894,662	$ 78,718,248
District's covered employee payroll	$ 15,860,920	$ 15,537,032	$ 16,253,270	$ 16,563,883	$ 16,463,344	$ 16,520,960	$ 17,650,371	$ 17,987,288	$ 18,816,531	$ 19,697,964
State's proportionate share of the net pension liability attributable to the district as a percentage of its covered employee payroll	626.84%	789.13%	654.79%	607.49%	581.15%	620.43%	406.02%	436.84%	419.28%	399.63%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%	37.99%

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	$ 6,070,681	$ 9,212,252	$ 7,372,526	$ 5,866,019	$ 5,643,296	$ 6,373,944	$ 4,368,388	$ 2,114,673	$ 1,938,212	$ (287,152)
Contributions in relation to the contractually required contribution	(1,247,857)	(1,713,356)	(2,329,274)	(3,066,172)	(3,414,243)	(4,415,602)	(6,269,405)	(6,319,994)	(6,786,930)	(6,741,468)
Contribution deficiency/(excess)	$ 4,822,824	$ 7,498,896	$ 5,043,252	$ 2,799,847	$ 2,229,053	$ 1,958,342	$ (1,901,017)	$ (4,205,321)	$ (4,848,718)	$ (7,028,620)
District's covered employee payroll	$ 15,537,032	$ 16,253,270	$ 16,563,883	$ 16,463,344	$ 16,520,960	$ 17,650,371	$ 17,987,288	$ 18,816,531	$ 19,697,964	$ 20,056,831
Contributions as a percentage of covered employee payroll	39.07%	56.68%	44.51%	35.63%	34.16%	36.11%	24.29%	11.24%	9.84%	-1.43%

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

	Fiscal Year Ending June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Service Cost	$ 3,364,071	$ 2,789,237	$ 2,480,950	$ 2,675,433	$ 4,553,755	$ 3,904,267	$ 3,056,929	$ 3,072,057
Interest Cost	2,671,378	3,086,977	2,888,647	2,389,362	2,340,410	2,031,227	2,811,567	2,976,084
Changes in Benefit Terms					(96,029)			
Differences between Expected and Actual Experience		(6,828,124)	(11,061,737)	15,064,671	(18,681,292)	2,999,726	(725,187)	(38,416)
Changes in Assumptions	(11,081,177)	(8,393,355)	990,934	18,960,366	89,009	(20,561,211)	160,907	6,763,872
Member Contributions	71,962	67,595	60,476	54,771	59,833	64,546	72,050	77,826
Gross Benefit Payments	(1,954,303)	(1,955,778)	(2,040,144)	(1,807,041)	(1,843,587)	(2,011,990)	(2,191,662)	(2,272,883)
Net Change in Total OPEB Liability	(6,928,069)	(11,233,448)	(6,680,874)	37,337,562	(13,577,901)	(13,573,435)	3,184,604	10,578,540
Total OPEB Liability - Beginning	91,303,036	84,374,967	73,141,519	66,460,645	$ 103,798,207	$ 90,220,306	$ 76,646,871	$ 79,831,475
Total OPEB Liability - Ending	$ 84,374,967	$ 73,141,519	$ 66,460,645	$ 103,798,207	$ 90,220,306	$ 76,646,871	$ 79,831,475	$ 90,410,015
State's Covered Employee Payroll *	$ 18,440,847	$ 19,147,557	$ 19,420,251	$ 19,157,923	$ 19,086,961	$ 20,331,046	$ 20,600,832	$ 21,435,202
Total OPEB Liability as a Percentage of Covered Employee Payroll	458%	382%	342%	542%	473%	377%	388%	422%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2024 are based on the payroll on the June 30, 2016 - 2023 census data, respectively.

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2022 actuarial valuation, the salary increases were 2.75 – 4.25% based on years of service while in the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2024 was 3.93%. The discount rate for June 30, 2023 was 3.65%, a change of .28%.

The health care trend rates in the valuation as of June 30, 2024 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend 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 rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

BUDGETARY COMPARISON SCHEDULES

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	$ 39,780,265		$ 39,780,265	$ 39,780,265	
Tuition From Individuals	175,994		175,994	214,746	$ 38,752
Tuition From Other LEAs Within the State	1,131,169		1,131,169	906,814	(224,355)
Rents and Royalties	60,000		60,000	118,714	58,714
Unrestricted Miscellaneous Revenues	135,000		135,000	649,073	514,073
Interest Earned on Maintenance Reserve	500		500	500	
Interest Earned on Capital Reserve Funds	2,210		2,210	163,363	161,153
Other Restricted Miscellaneous Revenues				47,014	47,014
Total Revenues from Local Sources	41,285,138		41,285,138	41,880,489	595,351
Revenues from State Sources:					
School Choice Aid	63,332		63,332	63,332	
Categorical Transportation Aid	124,035		124,035	124,035	
Extraordinary Aid	257,208		257,208	806,801	549,593
Categorical Special Education Aid	2,093,930		2,093,930	2,093,930	
Equalization Aid	406,379		406,379	406,379	
Categorical Security Aid	168,558		168,558	168,558	
Non-Public Transportation				44,178	44,178
Menstrual Product Reimbursement				3,377	3,377
TPAF Post Retirement Contributions (Non-Budgeted)				1,969,862	1,969,862
TPAF Pension Contributions (Non-Budgeted)				6,658,981	6,658,981
TPAF Non-Contributory Insurance (Non-Budgeted)				82,487	82,487
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,912	2,912
Reimbursed TPAF Social Security Contributions				1,450,002	1,450,002
Total Revenues from State Sources	3,113,442		3,113,442	13,874,834	10,761,392
Revenues from Federal Sources:					
Medicaid Reimbursement	28,422		28,422	8,409	(20,013)
Total Revenues from Federal Sources	28,422		28,422	8,409	(20,013)
TOTAL REVENUE	44,427,002		44,427,002	55,763,732	11,336,730

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	$ 233,873	$ (68,035)	$ 165,838	$ 165,838	
Kindergarten - Salaries of Teachers	566,366		566,366	564,888	$ 1,478
Grades 1-5 - Salaries of Teachers	4,374,003	(177,820)	4,196,183	4,056,055	140,128
Grades 6-8 - Salaries of Teachers	2,659,927	(125,299)	2,534,628	2,424,286	110,342
Grades 9-12 - Salaries of Teachers	4,712,303	(117,169)	4,595,134	4,443,298	151,836
Regular Programs - Home Instruction:					
Salaries of Teachers	47,485	(10,527)	36,958	5,005	31,953
Purchased Professional-Educational Services	47,000	28,321	75,321	64,189	11,132
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	64,907	(700)	64,207	64,207	
Purchased Professional-Educational Services	556,635	441,235	997,870	954,713	43,157
Purchased Technical Services	155,688	99,750	255,438	255,438	
Other Purchased Services (400-500 series)	377,785	(103,449)	274,336	267,436	6,900
General Supplies	1,235,903	(274,133)	961,770	915,740	46,030
Textbooks	107,640	(91,466)	16,174	14,584	1,590
Other Objects	10,279	(2,016)	8,263	547	7,716
Total Regular Programs - Instruction	15,149,794	(401,308)	14,748,486	14,196,224	552,262
Special Education - Instruction:					
Learning and/or Language Disabilities - Mild/Moderate:					
Salaries of Teachers	357,171	(40,696)	316,475	316,473	2
Other Salaries for Instruction	57,984	(8,751)	49,233	3,218	46,015
Other Purchased Services (400-500 series)	2,200		2,200	1,588	612
General Supplies	8,635		8,635	2,781	5,854
Total Learning and/or Language Disabilities - Mild/Moderate	425,990	(49,447)	376,543	324,060	52,483
Emotional Regulation Impairment:					
Salaries of Teachers	79,475	2,965	82,440	82,440	
General Supplies	2,652		2,652	1,831	821
Total Emotional Regulation Impairment	82,127	2,965	85,092	84,271	821

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple Disabilities:					
Salaries of Teachers	$ 353,133	$ (59,185)	$ 293,948	$ 292,886	$ 1,062
Other Salaries for Instruction	105,942	(11,048)	94,894	79,994	14,900
Other Purchased Services (400-500 series)	842	1,104	1,946		1,946
General Supplies	18,368	(7,208)	11,160	10,222	938
Other Objects	6,000	(411)	5,589		5,589
Total Multiple Disabilities	484,285	(76,748)	407,537	383,102	24,435
Resource Room/Resource Center:					
Salaries of Teachers	2,625,571	(205,781)	2,419,790	2,383,422	36,368
Other Salaries for Instruction	160,415	2,882	163,297	135,835	27,462
Purchased Professional-Educational Services	1,773,611	869,065	2,642,676	2,491,299	151,377
Other Purchased Services (400-500 series)	2,213		2,213	1,652	561
General Supplies	11,776	(588)	11,188	3,367	7,821
Total Resource Room/Resource Center	4,573,586	665,578	5,239,164	5,015,575	223,589
Preschool Disabilities - Full-Time:					
Salaries of Teachers	289,410	17,033	306,443	306,443	
Other Salaries for Instruction	143,213	(31,651)	111,562	95,015	16,547
General Supplies	1,500		1,500	22	1,478
Total Preschool Disabilities - Full-Time	434,123	(14,618)	419,505	401,480	18,025
Home Instruction:					
Purchased Professional-Educational Services	46,803	9,224	56,027	46,994	9,033
Total Home Instruction	46,803	9,224	56,027	46,994	9,033
TOTAL SPECIAL EDUCATION - INSTRUCTION	6,046,914	536,954	6,583,868	6,255,482	328,386

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	$ 223,420	$ 31,321	$ 254,741	$ 251,024	$ 3,717
General Supplies	1,800	(1)	1,799		1,799
Total Basic Skills/Remedial - Instruction	225,220	31,320	256,540	251,024	5,516
Bilingual Education - Instruction:					
Salaries of Teachers	68,545	1	68,546	68,545	1
General Supplies	11,000	(11,000)			
Total Bilingual Education - Instruction	79,545	(10,999)	68,546	68,545	1
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	220,415	18,423	238,838	237,081	1,757
Purchased Services (300-500 series)	19,298	(5,919)	13,379	11,313	2,066
Supplies and Materials	23,685		23,685	17,457	6,228
Other Objects	19,095	(12,854)	6,241	4,934	1,307
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	282,493	(350)	282,143	270,785	11,358
School-Sponsored Athletics - Instruction:					
Salaries	588,079	(20,097)	567,982	552,664	15,318
Purchased Services (300-500 series)	139,771	7,176	146,947	112,381	34,566
Supplies and Materials	189,995	(30,349)	159,646	131,781	27,865
Other Objects	49,574	1,000	50,574	42,761	7,813
Total School-Sponsored Athletics - Instruction	967,419	(42,270)	925,149	839,587	85,562
Before/After School Programs - Instruction:					
Salaries of Teachers	25,800		25,800	9,668	16,132
Total Before/after School Programs - Instruction	25,800		25,800	9,668	16,132
Total Before/after School Programs	25,800		25,800	9,668	16,132
TOTAL INSTRUCTION	22,777,185	113,347	22,890,532	21,891,315	999,217

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular		$ 45,124	$ 45,124	$ 34,994	$ 10,130
Tuition to Other LEAs Within the State-Special	$ 94,023	(47,979)	46,044	23,885	22,159
Tuition to County Voc. School Dist.-Regular	141,112	272,327	413,439	413,439	
Tuition to Priv. Sch. for the Handicap. W/I State	2,066,269	(511,467)	1,554,802	1,477,205	77,597
Tuition to Priv Sch Handicap & Oth LEAs-Spl,O/S St	120,000		120,000	120,000	
Total Undistributed Expenditures - Instruction	2,421,404	(241,995)	2,179,409	2,069,523	109,886
Undistributed Expend. - Attend. & Social Work:					
Salaries	36,973		36,973	36,893	80
Total Undist. Expend. - Attendance and Social Work	36,973		36,973	36,893	80
Undistributed Expenditures - Health Services:					
Salaries	498,650	(10,220)	488,430	481,580	6,850
Purchased Professional and Technical Services	31,044	(4,505)	26,539	21,442	5,097
Supplies and Materials	25,546	779	26,325	25,320	1,005
Total Undist. Expenditures - Health Services	555,240	(13,946)	541,294	528,342	12,952
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	536,758	50,426	587,184	583,998	3,186
Purchased Professional - Educational Services	406,096	(11,415)	394,681	281,735	112,946
Supplies and Materials	18,410	(3,562)	14,848	4,391	10,457
Total Undist. Expend. - Speech, OT, PT, Related Svcs	961,264	35,449	996,713	870,124	126,589
Undist.Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	297,522	(94,207)	203,315	202,843	472
Purchased Professional - Educational Services	222,931	(59,516)	163,415	90,484	72,931
Supplies and Materials	3,530	1	3,531		3,531
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	523,983	(153,722)	370,261	293,327	76,934

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist.Expend.- Guidance:					
Salaries of Other Professional Staff	$ 882,596	$ 15,400	$ 897,996	$ 896,617	$ 1,379
Salaries of Secretarial and Clerical Assistants	54,495		54,495	54,495	
Purchased Professional - Educational Services	29,685	14,815	44,500	36,671	7,829
Other Purchased Prof. and Tech. Services	7,507		7,507		7,507
Other Purchased Services (400-500 series)	10,683		10,683		10,683
Supplies and Materials	1,340		1,340	323	1,017
Other Objects	850		850		850
Total Undist Expend. - Guidance	987,156	30,215	1,017,371	988,106	29,265
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	863,739	15,653	879,392	868,098	11,294
Salaries of Secretarial and Clerical Assistants	44,420		44,420	44,420	
Purchased Professional - Educational Services	26,795		26,795	21,870	4,925
Other Purchased Prof. and Tech. Services	1,760		1,760	125	1,635
Other Purchased Services (400-500 series)	5,745	5,499	11,244	5,830	5,414
Supplies and Materials	14,462	5,556	20,018	14,199	5,819
Other Objects	1,650		1,650	488	1,162
Total Undist Expend. - Child Study Team	958,571	26,708	985,279	955,030	30,249
Undist. Expend. - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	136,267	167	136,434	136,434	
Salaries of Other Professional Staff	1,140,095	(106,885)	1,033,210	900,941	132,269
Salaries of Secretarial and Clerical Assistants	82,729	167	82,896	70,896	12,000
Other Purchased Services (400-500 series)	3,869	1,640	5,509	4,299	1,210
Supplies and Materials	2,031	(1,075)	956		956
Other Objects	7,100		7,100	6,905	195
Total Undist. Expend. - Improv. of Instruction Services	1,372,091	(105,986)	1,266,105	1,119,475	146,630

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Edu. Media Serv./School Library:					
Salaries	$ 392,919	$ 525	$ 393,444	$ 393,342	$ 102
Salaries of Technology Coordinators	78,593	(9,619)	68,974	67,414	1,560
Purchased Professional and Technical Services	2,951	(206)	2,745	2,125	620
Other Purchased Services (400-500 series)	3,409	(3,409)			
Supplies and Materials	30,638	(120)	30,518	28,590	1,928
Total Undist Expend - Edu. Media Serv./School Library	508,510	(12,829)	495,681	491,471	4,210
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Other Professional Staff	5,475		5,475	4,939	536
Purchased Professional - Educational Service	22,000	(7,000)	15,000	7,227	7,773
Other Purchased Services (400-500 series)	66,145	(16,731)	49,414	21,847	27,567
Supplies and Materials	2,800		2,800	292	2,508
Other Objects	800	7,775	8,575	3,455	5,120
Total Undist. Expend. - Instructional Staff Training Services	97,220	(15,956)	81,264	37,760	43,504
Undist. Expend. - Support Serv. - General Admin.:					
Salaries	325,615	24,263	349,878	339,625	10,253
Legal Services	105,000	32,047	137,047	91,459	45,588
Audit Fees	53,040	8,455	61,495	61,495	
Architectural/Engineering Services	30,626	58,998	89,624	20,304	69,320
Other Purchased Professional Services	15,000	(6,000)	9,000	9,000	
Purchased Technical Services	4,500	(4,500)			
Communications / Telephone	41,908	(22,762)	19,146	16,917	2,229
BOE Other Purchased Services	7,065	(1,375)	5,690	5,076	614
Other Purch. Serv. (400-500 series other than 530 & 585)	115,969	2,394	118,363	109,450	8,913
General Supplies	11,225		11,225	3,859	7,366
BOE In-house training/ Meeting Supplies	3,200		3,200	141	3,059
Judgments Against The School District	50,000	(14,020)	35,980		35,980
Miscellaneous Expenditures	7,596		7,596	6,234	1,362
BOE Membership Dues and Fees	19,299		19,299	18,916	383
Total Undist. Expend. - Support Serv. - General Admin.	790,043	77,500	867,543	682,476	185,067

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	$ 1,111,201	$ 435	$ 1,111,636	$ 1,096,069	$ 15,567
Salaries of Secretarial and Clerical Assistants	528,986	4,752	533,738	495,634	38,104
Purchased Professional and Technical Services	17,040	(5,211)	11,829	1,382	10,447
Other Purchased Services (400-500 series)	80,198	(1,490)	78,708	8,764	69,944
Supplies and Materials	89,740	88,525	178,265	49,693	128,572
Other Objects	18,260	7,265	25,525	16,962	8,563
Total Undist. Expend. -Support Serv. - School Admin.	1,845,425	94,276	1,939,701	1,668,504	271,197
Undist. Expend. - Central Services:					
Salaries	486,271	(235)	486,036	481,751	4,285
Purchased Professional Services	13,339		13,339	12,000	1,339
Purchased Technical Services	43,606	(1,899)	41,707	37,129	4,578
Miscellaneous Purchased Services (400-500 series other than 594)	13,498	4,899	18,397	7,547	10,850
Supplies and Materials	18,213	235	18,448	9,364	9,084
Interest on Lease Purchase Agreements	2,875		2,875	1,877	998
Other Objects	1,493		1,493	389	1,104
Total Undist. Expend. - Central Services	579,295	3,000	582,295	550,057	32,238
Undist. Expend. - Admin. Info. Technology:					
Salaries	204,200	(29)	204,171	139,955	64,216
Purchased Technical Services	120,128	90,029	210,157	4,670	205,487
Other Purchased Services (400-500 series)	11,330	(10,000)	1,330	1,022	308
Supplies and Materials	2,820		2,820		2,820
Total Undist. Expend. - Admin. Info. Technology	338,478	80,000	418,478	145,647	272,831
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	256,280	(37,693)	218,587	218,587	
Cleaning, Repair, and Maintenance Services	954,561	(18,517)	936,044	476,882	459,162
General Supplies	93,610	(21,121)	72,489	54,809	17,680
Other Objects	750		750	550	200
Total Undist. Expend. - Required Maintenance for School Facilities	1,305,201	(77,331)	1,227,870	750,828	477,042

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Custodial Services:					
Salaries	$ 1,205,460	$ (92,040)	$ 1,113,420	$ 1,065,259	$ 48,161
Salaries of Non-Instructional Aides	63,778	78,686	142,464	142,464	
Purchased Professional and Technical Services	10,750	16,690	27,440	27,440	
Cleaning, Repair, and Maintenance Services	72,074	2,605	74,679	69,777	4,902
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.	19,379	(16,879)	2,500	2,500	
Other Purchased Property Services	84,906	13,810	98,716	98,716	
Insurance	392,006	(45,600)	346,406	346,406	
Miscellaneous Purchased Services	987		987	160	827
General Supplies	75,208	64,962	140,170	126,745	13,425
Energy (Natural Gas)	254,163	40,013	294,176	284,551	9,625
Energy (Electricity)	249,186	(55,158)	194,028	159,391	34,637
Energy (Gasoline)	9,241	571	9,812	9,812	
Other Objects	1,803	(571)	1,232	1,136	96
Interest - Energy Savings Impr Prog Bonds	83,101		83,101	83,101	
Principal - Energy Savings Impr Prog Bonds	383,820	(1,648)	382,172	300,719	81,453
Total Undist. Expend. - Custodial Services	2,905,862	5,441	2,911,303	2,718,177	193,126
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	80,262	24,809	105,071	105,071	
General Supplies	40,342	(26,590)	13,752	11,919	1,833
Total Care And Upkeep Of Grounds	120,604	(1,781)	118,823	116,990	1,833
Security:					
Salaries	265,235	19,409	284,644	283,105	1,539
Purchased Professional and Technical Services	25,750	(7,318)	18,432	8,444	9,988
Cleaning, Repair, and Maintenance Services	9,488		9,488		9,488
General Supplies	33,141		33,141	24,288	8,853
Other Objects	378		378	247	131
Total Security	333,992	12,091	346,083	316,084	29,999
Total Undist. Expend. - Operations and Maintenance of Plant Services	4,665,659	(61,580)	4,604,079	3,902,079	702,000

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	$ 7,371		$ 7,371	$ 4,758	$ 2,613
Salaries for Pupil Transportation (Between Home and Sch) - Regular	143,433	$ (19,855)	123,578	111,255	12,323
Salaries for Pupil Transportation (Bet. Home and Sch)-Spl. Ed.	161,353		161,353	158,313	3,040
Salaries for Pupil Transportation (Oth. than Bet. Home & Sch)	95,177		95,177	80,094	15,083
Management Fee - ESC & CTSA Transportation Program	35,743		35,743	28,261	7,482
Cleaning, Repair, and Maint. Services	53,400	4,729	58,129	42,738	15,391
Lease Purchase Payments - School Buses	51,974	(4,729)	47,245	28,281	18,964
Contract. Services - Aid in Lieu of Payments-Nonpublic Studts	82,532	20,443	102,975	102,975	
Contract. Services (Other than Between Home & School) - Vendor	107,746	1,639	109,385	98,128	11,257
Contract. Services (Special Ed. Students) - Vendors	17,288	(3,103)	14,185	13,615	570
Contract. Services (Spl. Ed. Students)-Joint Agrmnts		16,142	16,142	16,142	
Contract. Services (Regular Students) - ESCs & CTSAs	368,306	(15,266)	353,040	329,910	23,130
Contract. Services (Special Ed. Students) - ESCs & CTSAs	424,403		424,403	292,244	132,159
Misc. Purchased Services - Transportation	1,270		1,270	1,045	225
General Supplies	1,587	36,464	38,051	21,213	16,838
Transportation Supplies	46,948	(46,948)			
Other Objects	2,116		2,116	1,326	790
Total Undist. Expenditures - Student Transportation Services	1,600,647	(10,484)	1,590,163	1,330,298	259,865
UNALLOCATED BENEFITS					
Social Security Contributions	489,714		489,714	441,002	48,712
Other Retirement Contributions - PERS	453,859	32,246	486,105	486,105	
Other Retirement Contributions - ERIP	51,212	(32,246)	18,966		18,966
Other Retirement Contributions - Regular	28,569		28,569	21,913	6,656
Unemployment Compensation	50,000	(33,895)	16,105		16,105
Workers Compensation	236,563		236,563	165,667	70,896
Health Benefits	6,827,971	(91,901)	6,736,070	6,593,876	142,194
Tuition Reimbursement	95,000		95,000	58,962	36,038
Other Employee Benefits	395,102	33,895	428,997	174,872	254,125
Unused Sick Payment to Terminated/Retired Staff	96,400		96,400	30,138	66,262
TOTAL UNALLOCATED BENEFITS	8,724,390	(91,901)	8,632,489	7,972,535	659,954

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				$ 1,969,862	$ (1,969,862)
TPAF Pension Contributions (Non-Budgeted)				6,658,981	(6,658,981)
TPAF Non-Contributory Insurance (Non-Budgeted)				82,487	(82,487)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,912	(2,912)
Reimbursed TPAF Social Security Contributions				1,450,002	(1,450,002)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				10,164,244	(10,164,244)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	$ 8,724,390	$ (91,901)	$ 8,632,489	18,136,779	(9,504,290)
TOTAL UNDISTRIBUTED EXPENDITURES	26,966,349	(361,251)	26,605,098	33,805,891	(7,200,793)
TOTAL GENERAL CURRENT EXPENSE	49,743,534	(247,904)	49,495,630	55,697,206	(6,201,576)
CAPITAL OUTLAY					
Equipment					
Grades 1-5		28,684	28,684	28,684	
Grades 6-8		6,220	6,220	6,220	
Grades 9-12		2,879	2,879	2,879	
School-Sponsored and Other Instructional Programs		39,254	39,254	26,300	12,954
Undistributed:					
Undistributed Expenditures - School Admin.		64,566	64,566	63,566	1,000
School Buses - Regular		10,484	10,484	10,484	
Undistributed Expenditures - Non-Inst. Serv.	5,242	10,317	15,559	15,559	
Total Equipment	5,242	162,404	167,646	153,692	13,954
Facilities Acquisition and Construction Serv.:					
Bldgs. Other than Lease Purchase Agreements		10,500	10,500	10,500	
Assessment for Debt Service on SDA Funding	2,793		2,793	2,793	
Total Facilities Acquisition and Const. Serv.	2,793	10,500	13,293	13,293	
TOTAL CAPITAL OUTLAY	8,035	172,904	180,939	166,985	13,954

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	$ 49,751,569	$ (75,000)	$ 49,676,569	$ 55,864,191	$ (6,187,622)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(5,324,567)	75,000	(5,249,567)	(100,459)	5,149,108
Other Financing Sources/(Uses):					
Transfers from Capital Projects Fund - Interest Earnings				24,256	24,256
Transfers to Cover Deficit (Enterprise Fund)		(75,000)	(75,000)	(75,000)	
Capital Reserve - Transfer to Capital Projects Fund	(1,674,333)		(1,674,333)	(1,662,373)	11,960
Capital Reserve - Transfer from Capital Projects Fund - Unexpended Balances				70,000	70,000
Total Other Financing Sources/(Uses)	(1,674,333)	(75,000)	(1,749,333)	(1,643,117)	106,216
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(6,998,900)		(6,998,900)	(1,743,576)	5,255,324
Fund Balance, July 1	17,521,262		17,521,262	17,521,262	
Fund Balance, June 30	$ 10,522,362	$ - 0 -	$ 10,522,362	$ 15,777,686	$ 5,255,324
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2026-2027				$ 3,182,901	
Excess Surplus - Restricted For 2025-2026				3,774,783	
Capital Reserve				4,636,706	
Maintenance Reserve				1,300,000	
Unemployment Compensation				913,966	
Assigned Fund Balance:					
Year End Encumbrances				136,460	
Designated for Subsequent Year's Expenditures				293,253	
Unassigned Fund Balance				1,539,617	
				15,777,686	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(278,359)	
Fund Balance per Governmental Funds (GAAP)				$ 15,499,327	

Exhibit C-2

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		$ 402,845	$ 402,845	$ 397,890	$ (4,955)
State Sources	$ 257,036	234,624	491,660	477,447	(14,213)
Federal Sources	692,037	176,916	868,953	800,499	(68,454)
Total Revenues	949,073	814,385	1,763,458	1,675,836	(87,622)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		11,356	11,356	8,100	3,256
Purchased Professional - Educational Services	302,528	(8,400)	294,128	282,018	12,110
Tuition	374,032	148,860	522,892	522,892	
Other Purchased Services	43,766	(43,766)			
General Supplies	135,270	70,646	205,916	149,385	56,531
Textbooks	18,010	810	18,820	18,815	5
Other Objects	8,756	(8,756)			
Total Instruction	882,362	170,750	1,053,112	981,210	71,902
Support Services:					
Salaries of Other Professional Staff		14,490	14,490	14,490	
Personal Services - Employee Benefits		845	845	845	
Purchase Professional - Educational Services	57,111	78,587	135,698	124,933	10,765
Other Purchased Professional Services	9600	(800)	8,800	8,800	
Supplies and Materials		4,121	4121	4,121	
Other Objects		37,119	37,119	37,119	
Student Activities		390,599	390,599	390,599	
Scholarships		10,000	10,000	10,000	
Total Support Services	66,711	534,961	601,672	590,907	10,765
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment		7,360	7,360	7,360	
Building		101,314	101,314	101,314	
Total Facilities Acquisition and Construction Services		108,674	108,674	108,674	
Total Expenditures	949,073	814,385	1,763,458	1,680,791	82,667
Excess/(Deficit) of Revenues Over/(Under) Expenditures	$ - 0 -	$ - 0 -	$ - 0 -	$ (4,955)	$ (4,955)

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE 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 Difference - Budget to GAAP:	$ 55,763,732	$ 1,675,836
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas GAAP basis does not.		
Current Year Encumbrances		(25,467)
Prior Year Encumbrances		54,348
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes.	251,783	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	(278,359)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 55,737,156	$ 1,704,717
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 55,864,191	$ 1,680,791
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(25,467)
Prior Year Encumbrances		54,348
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 55,864,191	$ 1,709,672

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County Office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	IDEA, Part B		Elementary and Secondary Education Act					
	Basic	Preschool	Title I - 2025	Title I - 2024	Title II, Part A	Title III	Title IV - 2025	Title IV - 2024
REVENUE:								
Local Sources								
State Sources								
Federal Sources	$ 576,754	$ 17,403	$ 60,409	$ 44,741	$ 44,001	$ 1,360	$ 10,732	$ 14,205
Total Revenue	576,754	17,403	60,409	44,741	44,001	1,360	10,732	14,205
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Purchased Professional - Educational Services							1,131	
Tuition	491,993		10,130	20,769				
General Supplies		10,903	771	22,872		1,360	1,243	14,205
Textbooks								
Total Instruction	491,993	10,903	10,901	43,641		1,360	2,374	14,205
Support Services:								
Salaries of Other Professional Staff			11,050					
Personal Services - Employee Benefits			845					
Purchased Professional - Educational Services	75,101			1,100	40,374		8,358	
Other Purchased Professional Services	2,300	6,500						
Supplies and Materials			494		3,627			
Other Objects			37,119					
Student Activities								
Scholarships								
Total Support Services	77,401	6,500	49,508	1,100	44,001		8,358	
Facilities Acquisition and Construction Services:								
Non-Instructional Equipment	7,360							
Building								
Total Facilities Acquisition and Construction Services	7,360							
Total Expenditures	$ 576,754	$ 17,403	$ 60,409	$ 44,741	$ 44,001	$ 1,360	$ 10,732	$ 14,205

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	ARP - Education Stabilization Fund			ARP	SDA Emergent	Nonpublic	Nonpublic Handicapped Services		
	ESSER III	Accelerated Learning	Comprehensive Beyond the School Day	High Impact Tutoring	Capital & Maintenance Needs	Aux. Services Compensatory Education	Exam and Classification	Supplementary Instruction	Corrective Speech
REVENUE:									
Local Sources									
State Sources					$ 101,314	$ 65,223	$ 62,570	$ 47,330	$ 39,246
Federal Sources	$ 3,890	$ 14,722	$ 4,182	$ 8,100					
Total Revenue	3,890	14,722	4,182	8,100	101,314	65,223	62,570	47,330	39,246
EXPENDITURES:									
Instruction:									
Salaries of Teachers				8,100					
Purchased Professional - Educational Services						65,223	62,570	47,330	39,246
Tuition									
General Supplies	3,890	11,282	4,182						
Textbooks									
Total Instruction	3,890	11,282	4,182	8,100		65,223	62,570	47,330	39,246
Support Services:									
Salaries of Other Professional Staff		3,440							
Personal Services - Employee Benefits									
Purchased Professional - Educational Services									
Other Purchased Professional Services									
Supplies and Materials									
Other Objects									
Student Activities									
Scholarships									
Total Support Services		3,440							
Facilities Acquisition and Construction Services:									
Non-Instructional Equipment									
Building					101,314				
Total Facilities Acquisition and Construction Services					101,314				
Total Expenditures	$ 3,890	$ 14,722	$ 4,182	$ 8,100	$ 101,314	$ 65,223	$ 62,570	$ 47,330	$ 39,246

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Student Activities	Scholarships	Local Grants	Nonpublic Technology	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Security	Totals
REVENUE:								
Local Sources	$ 388,202	$ 7,442	$ 2,246					$ 397,890
State Sources				$ 18,028	$ 48,490	$ 18,815	$ 76,431	477,447
Federal Sources								800,499
Total Revenue	388,202	7,442	2,246	18,028	48,490	18,815	76,431	1,675,836
EXPENDITURES:								
Instruction:								
Salaries of Teachers								8,100
Purchased Professional - Educational Services				18,028	48,490			282,018
Tuition								522,892
General Supplies			2,246				76,431	149,385
Textbooks						18,815		18,815
Total Instruction			2,246	18,028	48,490	18,815	76,431	981,210
Support Services:								
Salaries of Other Professional Staff								14,490
Personal Services - Employee Benefits								845
Purchased Professional - Educational Services								124,933
Other Purchased Professional Services								8,800
Supplies and Materials								4,121
Other Objects								37,119
Student Activities	390,599							390,599
Scholarships		10,000						10,000
Total Support Services	390,599	10,000						590,907
Facilities Acquisition and Construction Services:								
Non-Instructional Equipment								7,360
Building								101,314
Total Facilities Acquisition and Construction Services								108,674
Total Expenditures	$ 390,599	$ 10,000	$ 2,246	$ 18,028	$ 48,490	$ 18,815	$ 76,431	$ 1,680,791

CAPITAL PROJECTS FUND

Exhibit F-1

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT SUMMARY
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Revenue and Other Financing Sources:	
Investment Income	$ 24,256
Transfer from General Fund - Capital Reserve	1,662,373
Total Revenue and Other Financing Sources	1,686,629
Expenditures and Other Financing Uses:	
Construction Services	1,662,373
Transfers Out:	
Transfer to General Fund -	
Capital Reserve (Unexpended Balances)	70,000
Transfer to General Fund - Interest	24,256
Total Expenditures and Other Financing Uses	1,756,629
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(70,000)
Fund Balance - Beginning	70,000
Fund Balance - Ending	$ - 0 -

Exhibit F-1a

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS 2024 PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	$ 657,732	$ (70,000)	$ 587,732	$ 587,732
Total Revenue and Other Financing Sources	657,732	(70,000)	587,732	587,732
Expenditures:				
Construction Services	587,732		587,732	587,732
Total Expenditures	587,732		587,732	587,732
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	$ 70,000	$ (70,000)	$ - 0 -	$ - 0 -

Additional Project Information:	
Original Authorized Cost	$ 657,732
Change Orders/Cancellations	$ (70,000)
Revised Authorized Cost	$ 587,732
Percentage Completion	100.00%
Original Target Completion Date	12/31/24
Revised Target Completion Date	N/A

Exhibit F-1b

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS 2025 PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		$ 1,662,373	$ 1,662,373	$ 1,662,373
Total Revenue and Other Financing Sources		1,662,373	1,662,373	1,662,373
Expenditures:				
Construction Services		1,662,373	1,662,373	1,662,373
Total Expenditures		1,662,373	1,662,373	1,662,373
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -

Additional Project Information:	
Original Authorized Cost	$ 1,662,373
Revised Authorized Cost	$ 1,662,373
Percentage Completion	100.00%
Original Target Completion Date	06/30/25

PROPRIETARY FUNDS

Exhibit G-1

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 22,370
Other Receivable	15,263
Inventory	13,526
Total Current Assets	51,159
Non-Current Assets:	
Capital Assets	213,454
Less: Accumulated Depreciation	(155,560)
Total Non-Current Assets	57,894
Total Assets	109,053
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	12,413
Accounts Payable - Vendors	76,531
Total Liabilities	88,944
NET POSITION:	
Investment in Capital Assets	57,894
Unrestricted/(Deficit)	(37,785)
Total Net Position	$ 20,109

Exhibit G-2

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Nonreimbursable Programs	$ 892,416
Total Operating Revenue	892,416
Operating Expenses:	
Cost of Sales - Nonreimbursable Programs	479,678
Salaries	301,725
Payroll Taxes	46,037
Employee Benefits	21,072
Management Fee	76,225
Supplies and Materials	34,835
Depreciation Expense	13,329
Miscellaneous Expenses	40,010
Total Operating Expenses	1,012,911
Operating (Loss)	(120,495)
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	3,158
Total Non-Operating Revenue	3,158
Change in Net Position Before Transfer and Capital Contributions	(117,337)
Capital Contributions - General Fund	25,801
Transfer - Board Contribution from General Fund	75,000
Change in Net Position	(16,536)
Net Position - Beginning of Year	36,645
Net Position - End of Year	$ 20,109

Exhibit G-3

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	$ 883,348
Payments to Food Service Vendors	(976,917)
Net Cash Provided by/(Used for) used for Operating Activities	(93,569)
Cash Flows from Investing Activities:	
Interest Revenue	3,158
Net Cash Provided by/(Used for) Investing Activities	3,158
Cash Flows from Noncapital Financing Activities:	
Transfer - Board Contribution	75,000
Net Cash Provided by Noncapital Financing Activities	75,000
Net Increase/(Decrease) in Cash and Cash Equivalents	(15,411)
Cash and Cash Equivalents, July 1	37,781
Cash and Cash Equivalents, June 30	$ 22,370
Reconciliation of Operating Loss to Net Cash Provided by/(Used for) Operating Activities:	
Operating (Loss)	$ (120,495)
Depreciation	13,329
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	(11,339)
Increase/(Decrease) in Prepaid Sales	(9,068)
Decrease/(Increase) in Other Receivables	(15,263)
Decrease/(Increase) in Inventory	49,267
Net Cash Provided by/(Used for) Operating Activities	$ (93,569)

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

Exhibit I-1

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2025		Interest Rate	Balance July 1, 2024	Matured	Balance June 30, 2025
			Date	Amount				
School Renovation Project	8/29/2013	$ 3,350,000	8/12/2025	$ 265,000	3.250%			
			8/12/2026	275,000	3.375%			
			8/12/2027	285,000	3.625%			
			8/12/2028	290,000	3.750%			
			8/12/2029	300,000	3.875%	$ 1,665,000	$ 250,000	$ 1,415,000
Refunding Bonds	2/25/2016	9,025,000	1/15/2026	870,000	4.000%			
			1/15/2027	910,000	4.000%			
			1/15/2028	950,000	4.000%			
			1/15/2029	995,000	4.000%	4,565,000	840,000	3,725,000
						$ 6,230,000	$ 1,090,000	$ 5,140,000

Exhibit I-2

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Purpose	Date of Issue	Original Issue	Interest Rate	Balance July 1, 2024	Matured	Balance June 30, 2025
Bus and Maintenance Vehicle	6/4/2020	$ 250,000	1.86%	$ 51,028	$ 51,028	
Engergy Savings Improvement Plan	5/12/2021	5,225,698	1.83%	4,533,594	300,719	$ 4,232,875
				$ 4,584,622	$ 351,747	$ 4,232,875

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Purpose	Date of Issue	Original Issue	Interest Rate	Balance July 1, 2024	Matured	Balance June 30, 2025
Copier Lease	9/9/2021	$ 155,090	3.10%	$ 70,056	$ 31,771	$ 38,285
Mailer Lease	1/30/2023	10,050	2.00%	7,070	2,003	5,067
				$ 77,126	$ 33,774	$ 43,352

Exhibit I-5

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 982,955		$ 982,955	$ 982,955	
State Sources:					
Debt Service Aid Type II	344,121		344,121	344,121	
Total Revenues	1,327,076		1,327,076	1,327,076	
EXPENDITURES:					
Regular Debt Service:					
Interest and Other Charges	237,076		237,076	237,075	$ 1
Redemption of Principal	1,090,000		1,090,000	1,090,000	
Total Regular Debt Service	1,327,076		1,327,076	1,327,075	1
Total Expenditures	1,327,076		1,327,076	1,327,075	1
Excess of Revenues Over Expenditures				1	1
Fund Balance, July 1					
Fund Balance, June 30	$ - 0 -	$ - 0 -	$ - 0 -	$ 1	$ 1

Recapitulation of Fund Balance at June 30, 2025:

Restricted	$ 1
	$ 1

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
Governmental Activities:					
Net Investment in Capital Assets	$ 19,449,441	$ 15,601,657	$ 16,691,630	$ 17,708,038	$ 17,753,408
Restricted	4,808,520	6,023,368	5,923,057	6,221,057	9,942,765
Unrestricted/(Deficit)	(8,036,597)	(10,039,782)	(9,801,768)	(9,487,392)	(8,594,626)
Total Governmental Activities Net Position	$ 16,221,364	$ 11,585,243	$ 12,812,919	$ 14,441,703	$ 19,101,547
Business-type Activities:					
Investment in Capital Assets	$ 22,579	$ 22,059	$ 38,332	$ 38,520	$ 61,826
Unrestricted/(Deficit)	49,483	55,770	30,286	23,068	1,199
Total Business-type Activities Net Position	$ 72,062	$ 77,829	$ 68,618	$ 61,588	$ 63,025
District-wide:					
Net Investment in Capital Assets	$ 19,472,020	$ 15,623,716	$ 16,729,962	$ 17,746,558	$ 17,815,234
Restricted	4,808,520	6,023,368	5,923,057	6,221,057	9,942,765
Unrestricted/(Deficit)	(7,987,114)	(9,984,012)	(9,771,482)	(9,464,324)	(8,593,427)
Total District-wide Net Position	$ 16,293,426	$ 11,663,072	$ 12,881,537	$ 14,503,291	$ 19,164,572

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

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024*	2025
Governmental Activities:					
Net Investment in Capital Assets	$ 13,280,445	$ 15,645,282	$ 19,845,313	$ 18,319,937	$ 19,312,234
Restricted	10,458,882	13,079,813	15,512,556	16,329,431	14,207,570
Unrestricted/(Deficit)	(1,023,023)	(1,828,764)	(5,924,215)	(7,673,758)	(5,144,400)
Total Governmental Activities Net Position	$ 22,716,304	$ 26,896,331	$ 29,433,654	$ 26,975,610	$ 28,375,404
Business-type Activities:					
Investment in Capital Assets	$ 53,328	$ 44,654	$ 40,428	$ 45,422	$ 57,894
Unrestricted/(Deficit)	(11,850)	(7,981)	16,466	(8,777)	(37,785)
Total Business-type Activities Net Position	$ 41,478	$ 36,673	$ 56,894	$ 36,645	$ 20,109
District-wide:					
Net Investment in Capital Assets	$ 13,333,773	$ 15,689,936	$ 19,885,741	$ 18,365,359	$ 19,370,128
Restricted	10,458,882	13,079,813	15,512,556	16,329,431	14,207,570
Unrestricted/(Deficit)	(1,034,873)	(1,836,745)	(5,907,749)	(7,682,535)	(5,182,185)
Total District-wide Net Position	$ 22,757,782	$ 26,933,004	$ 29,490,548	$ 27,012,255	$ 28,395,513

* - Restated

Source: Pequannock Township School District Financial Reports.

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

	Fiscal Year Ending June 30,									
Expenses:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Instruction:										
Regular	$ 20,356,850	$ 23,161,900	$ 24,311,883	$ 22,596,936	$ 20,902,487	$ 22,869,624	$ 21,184,960	$ 20,835,380	$ 21,962,073	$ 21,041,959
Special Education	6,315,970	7,109,136	6,880,544	6,084,379	5,961,531	6,848,438	6,823,620	7,175,638	8,228,256	8,115,588
Other Special Instruction	712,544	471,048	402,146	390,077	343,130	395,214	420,202	387,447	364,512	470,761
School Sponsored Instruction	1,259,036	1,479,322	1,469,927	1,361,289	1,329,613	1,369,288	1,415,332	1,470,047	1,542,922	1,498,250
Support Services:										
Tuition	2,275,185	1,885,284	2,253,517	2,020,279	2,159,405	1,987,831	1,726,640	2,251,131	2,392,296	2,592,415
Student & Instruction Related Services	5,344,281	5,780,071	6,054,130	5,942,987	5,917,883	5,856,847	6,470,641	6,353,927	6,801,697	7,534,342
General Administration Services	639,725	623,713	684,108	833,062	842,367	745,278	832,591	736,118	712,784	776,094
School Administration Services	2,740,609	2,626,583	2,944,449	2,775,403	2,628,329	2,642,594	2,580,101	2,477,937	2,532,594	2,553,077
Central Services	508,638	594,207	594,457	603,736	598,104	622,960	681,050	649,107	706,111	720,783
Administrative Information Technology	83,497	326,248	311,476	304,293	315,399	360,809	285,618	274,784	241,669	271,120
Plant Operations and Maintenance	2,282,507	3,032,863	3,659,460	4,013,680	3,016,727	3,392,454	3,989,518	4,065,773	4,457,511	5,002,807
Pupil Transportation	1,236,391	1,287,637	1,322,997	1,281,338	1,284,704	1,417,713	1,617,335	1,691,801	1,892,572	1,807,260
Interest on Long-term Debt	360,486	556,024	406,202	378,575	354,143	325,606	291,254	255,046	216,941	176,694
Total Governmental Activities Expenses	44,115,719	48,934,036	51,295,296	48,586,034	45,653,822	48,834,656	48,318,862	48,624,136	52,051,938	52,561,150
Business-type Activities:										
Food Service	615,384	691,714	798,574	820,867	598,961	87,050	955,220	946,852	923,085	1,012,911
Total Business-type Activities Expenses	615,384	691,714	798,574	820,867	598,961	87,050	955,220	946,852	923,085	1,012,911
Total District-wide Expenses	44,731,103	49,625,750	52,093,870	49,406,901	46,252,783	48,921,706	49,274,082	49,570,988	52,975,023	53,574,061
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	313,874	331,675	416,809	321,868	775,009	1,059,723	1,207,780	1,174,433	1,149,958	1,121,560
Student Activities						172,224	270,721	391,604	431,243	395,644
Pupil Transportation	19,004	30,326								
Operating Grants and Contributions	10,037,487	11,190,927	14,436,463	16,107,937	11,224,639	12,542,338	11,224,716	8,991,220	9,357,319	7,927,985
Total Governmental Activities Program Revenues	10,370,365	11,552,928	14,853,272	16,429,805	11,999,648	13,774,285	12,703,217	10,557,257	10,938,520	9,445,189

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2025	2025
Program Revenues:										
Business-type Activities:										
Charges for Services:										
Food Service	$ 538,728	$ 695,172	$ 768,387	$ 789,893	$ 569,464	$ 5,491	$ 900,214	$ 872,737	$ 833,312	$ 892,416
Capital Contributions	79,101	1,704	19,869	21,944				4,942	15,735	25,801
Total Business-type Activities Program Revenues	617,829	696,876	788,256	811,837	569,464	5,491	900,214	877,679	849,047	918,217
Total District-wide Program Revenues	10,988,194	12,249,804	15,641,528	17,241,642	12,569,112	13,779,776	13,603,431	11,434,936	11,787,567	10,363,406
Net (Expense)/Revenue:										
Governmental Activities	(33,745,354)	(37,381,108)	(36,442,024)	(32,156,229)	(33,654,174)	(35,060,371)	(35,615,645)	(38,066,879)	(41,113,418)	(43,115,961)
Business-Type Activities	2,445	5,162	(10,318)	(9,030)	(29,497)	(81,559)	(55,006)	(69,173)	(74,038)	(94,694)
Total District-wide Net (Expense)/Revenue	(33,742,909)	(37,375,946)	(36,452,342)	(32,165,259)	(33,683,671)	(35,141,930)	(35,670,651)	(38,136,052)	(41,187,456)	(43,210,655)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	32,281,958	33,139,323	33,536,481	34,994,588	35,694,480	36,408,370	37,136,537	37,916,526	38,674,857	39,780,265
Taxes Levied for Debt Service	820,694	795,800	827,445	939,888	947,329	957,815	960,670	961,834	963,221	982,955
Unrestricted Grants and Contributions	1,132,036	1,148,700	892,436	983,314	961,569	985,413	1,092,835	1,071,265	977,514	2,824,615
Investment Earnings	19,223	9,715	13,828	16,826	11,819	5,957	5,885	84,382	55,209	188,119
Miscellaneous Income	415,703	258,167	410,646	474,262	470,984	377,573	649,745	657,261	763,738	814,801
Transfers						(60,000)	(50,000)	(87,066)	(50,000)	(75,000)
Total Governmental Activities General Revenues & Other Changes in Net Position	34,669,614	35,351,705	35,680,836	37,408,878	38,086,181	38,675,128	39,795,672	40,604,202	41,384,539	44,515,755
Business-type Activities:										
Investment Earnings	314	605	1,107	2,000	1,188	12	201	2,328	3,789	3,158
Transfers						60,000	50,000	87,066	50,000	75,000
Total Business-type Activities General Revenues & Other Changes in Net Position	314	605	1,107	2,000	1,188	60,012	50,201	89,394	53,789	78,158
Total District-wide General Revenues & Other Changes in Net Position	34,669,928	35,352,310	35,681,943	37,410,878	38,087,369	38,735,140	39,845,873	40,693,596	41,438,328	44,593,913
Change in Net Position:										
Governmental Activities	924,260	(2,029,403)	(761,188)	5,252,649	4,432,007	3,614,757	4,180,027	2,537,323	271,121	1,399,794
Business-type Activities	2,759	5,767	(9,211)	(7,030)	(28,309)	(21,547)	(4,805)	20,221	(20,249)	(16,536)
Total District-wide Change in Net Position	$ 927,019	$ (2,023,636)	$ (770,399)	$ 5,245,619	$ 4,403,698	$ 3,593,210	$ 4,175,222	$ 2,557,544	$ 250,872	$ 1,383,258

Source: Pequannock Township School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Restricted	$4,331,787	$6,017,471	$5,918,334	$6,221,057	$ 9,513,665	$10,118,043	$12,760,000	$15,165,225	$15,925,263	$13,808,356
Assigned	698,570	520,960	848,855	953,613	1,534,760	1,698,217	2,088,778	482,816	276,620	429,713
Unassigned	526,287	492,833	579,514	574,648	554,389	1,636,020	1,557,083	965,308	1,067,596	1,261,258
Total General Fund	$6,363,124	$5,556,644	$7,031,264	$7,346,703	$ 7,749,318	$13,452,280	$16,405,861	$16,613,349	$17,269,479	$15,499,327
Other Governmental Funds:										
Restricted	$ 476,733	$ 5,897	$ 4,723		$ 355,594	$ 340,839	$ 319,813	$ 347,331	$ 404,168	$ 399,214
Committed				$ 536,435	73,506	5,725,826	3,210,509	24,393	(1,655,850)	
Unassigned/(Deficit)	913,054	(30,018)	(50,566)							
Total Other Governmental Funds/(Deficit)	$1,389,787	$ (24,121)	$ (45,843)	$ 536,435	$ 429,100	$ 6,066,665	$ 3,530,322	$ 371,724	$ (1,251,682)	$ 399,214
Total Governmental Funds:										
Restricted	$4,808,520	$6,023,368	$5,923,057	$6,221,057	$ 9,869,259	$10,458,882	$13,079,813	$15,512,556	$16,329,431	$14,207,570
Committed				536,435	73,506	5,725,826	3,210,509	24,393	(1,655,850)	
Assigned	698,570	520,960	848,855	953,613	1,534,760	1,698,217	2,088,778	482,816	276,620	429,713
Unassigned/(Deficit)	1,439,341	462,815	528,948	574,648	554,389	1,636,020	1,557,083	965,308	1,067,596	1,261,258
Total Governmental Funds	$6,946,431	$7,007,143	$7,300,860	$8,285,753	$ 12,031,914	$19,518,945	$19,936,183	$16,985,073	$16,017,797	$15,898,541

Source: Pequannock Township School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Tax Levy	$ 33,102,652	$ 33,935,123	$ 34,363,926	$ 35,934,476	$ 36,641,809	$ 37,366,185	$ 38,097,207	$ 38,878,360	$ 39,638,078	$ 40,763,220
Tuition Charges	331,675	416,809	287,799	355,591	775,009	1,059,723	1,207,780	1,174,433	1,149,958	1,121,560
Transportation Fees	30,326									
Interest Earnings	19,223	9,715	13,828	16,826	11,819	5,957	5,885	49,020	2,710	163,863
Budget Appropriation	625,000	200,000								
Miscellaneous	415,703	262,431	414,812	475,066	480,675	552,597	937,154	1,087,466	1,261,308	1,236,947
State Sources	6,908,633	7,505,930	2,665,818	8,912,999	9,229,224	10,791,286	12,780,449	13,251,911	14,190,628	16,396,357
Federal Sources	591,506	576,073	552,856	604,640	576,508	728,048	855,779	994,485	1,305,341	837,108
Total Revenues	42,024,718	42,906,081	38,299,039	46,299,598	47,715,044	50,503,796	53,884,254	55,435,675	57,548,023	60,519,055
Expenditures:										
Instruction:										
Regular Instruction	11,441,861	11,771,347	12,198,687	12,199,902	11,923,501	13,504,990	14,066,615	14,046,715	14,900,891	14,683,423
Special Education	3,507,371	3,626,759	3,448,315	3,472,440	3,623,211	4,407,910	4,860,348	5,494,850	6,401,331	6,445,790
Other Special Instruction	216,700	221,804	198,468	198,468	189,263	217,567	264,719	254,220	237,106	319,569
School Sponsored Instruction	771,571	832,795	813,511	813,510	844,608	856,950	1,020,787	1,082,613	1,137,686	1,120,040
Support Services:										
Tuition	2,275,185	1,885,284	2,138,412	2,020,279	2,159,405	1,987,831	1,726,640	2,251,131	2,392,296	2,592,415
Student/Instruction-Related Serv.	3,886,672	3,857,609	4,032,543	4,063,175	4,220,489	4,579,745	4,910,484	5,211,612	5,434,326	5,721,127
General Administration	536,175	528,380	727,925	727,925	739,721	639,793	717,197	647,535	628,772	682,476
School Administration	1,490,160	1,328,755	1,437,099	1,437,100	1,463,929	1,513,838	1,565,858	1,605,877	1,612,722	1,668,504
Central Services	401,429	470,613	472,768	472,768	471,606	496,671	515,408	525,793	567,066	550,057
Administrative Info. Technology	81,672	274,972	247,118	247,119	259,496	245,722	235,364	235,129	228,873	145,647
Plant Operations/Maintenance	2,271,828	2,511,753	3,154,620	3,154,619	2,720,954	2,647,333	2,864,089	3,520,505	3,734,797	3,902,079
Pupil Transportation	986,734	982,248	959,888	959,888	971,210	854,783	1,136,709	1,295,622	1,470,599	1,330,298

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

	Fiscal Year Ending June 30,									
Expenditures:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Support Services:										
Allocated Benefits										
Unallocated Benefits	$ 10,364,716	$ 10,897,772	$ 6,587,580	$ 12,305,131	$ 12,330,417	$ 13,251,103	$ 14,914,682	$ 16,159,151	$ 17,617,427	$ 18,136,779
Capital Outlay	796,642	2,153,047	3,236,979	1,950,906	1,919,348	1,675,752	3,469,156	4,675,416	795,007	1,938,032
Debt Service:										
Principal	1,415,000	1,050,000	845,000	860,000	885,000	920,000	955,000	990,000	1,030,000	1,090,000
Interest & Other Charges	566,950	452,231	462,075	431,475	407,325	382,475	349,050	313,600	276,400	237,075
Total Expenditures	41,010,666	42,845,369	40,960,988	45,314,705	45,129,483	48,182,463	53,572,106	58,309,769	58,465,299	60,563,311
Other Financing Sources (Uses):										
Refunding Bonds Issued		9,025,000								
Financed Purchases/Lease Proceeds					250,000	5,225,698	155,090	10,050		
Bond Premium		1,214,617								
Serial Bonds Defeased		(9,460,000)								
Bond Issuance Costs		(134,277)								
Deferred Amount on Refunding		(645,340)								
Transfers In	1,736,403	3,330,065	932,208	1,767,384	998,385					
Transfers Out	(1,736,403)	(3,330,065)	(932,208)	647,187	(998,385)	(60,000)	(50,000)	(87,066)	(50,000)	(75,000)
Total Other Financing Sources/(Uses)		(779,617)		2,414,571		5,165,698	105,090	(77,016)	(50,000)	(75,000)
Net Change in Fund Balances	$ 1,014,052	$ (718,905)	$ (2,661,949)	$ 3,399,464	$ 2,585,561	$ 7,487,031	$ 417,238	$ (2,951,110)	$ (967,276)	$ (119,256)
Debt Service as a Percentage of Noncapital Expenditures	4.93%	3.69%	3.46%	2.98%	2.99%	2.80%	2.60%	2.43%	2.27%	2.26%

Source: Pequannock Township School District Financial Reports.

Exhibit J-5

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

Fiscal Year Ending June 30,	Interest on Investments	Transportation Fees	Tuition	Rentals - Use of Facilities	Other	Total
2016	$ 25,623	$ 30,326	$ 331,675	$ 101,691	$ 294,246	$ 783,561
2017	9,715		416,809	82,242	171,202	679,968
2018	67,695		321,868	118,221	156,082	663,866
2019	118,549		355,591	204,990	159,214	838,344
2020	90,896		775,009	144,116	243,857	1,253,878
2021	30,079		1,059,723	53,725	299,726	1,443,253
2022	44,072		1,207,780	86,532	525,026	1,863,410
2023	449,894		1,174,433	92,493	163,894	1,880,714
2024	624,468		1,149,958	94,789	47,192	1,916,407
2025	638,618		1,121,560	118,714	221,332	2,100,224

Source: Pequannock Township School District records.

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

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities[a]	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate[b]	Estimated Actual (County Equalized Value)
2015	$ 14,618,300	$ 1,754,413,200	$ 9,951,600	$ 91,100	$ 222,316,800	$ 57,757,900	$ 361,542,500	$ 2,420,691,400	$ 100	$ 2,420,691,500	$ 214,182,300	$ 1.36	$ 2,577,555,979
2016	12,742,000	1,760,533,100	10,820,600	102,000	278,609,700	57,595,400	361,542,500	2,481,945,300	100	2,481,945,400	155,442,800	1.37	2,654,216,368
2017	12,659,700	1,765,833,500	10,820,600	102,000	227,905,800	57,595,400	361,542,500	2,436,459,500	100	2,436,459,600	209,817,600	1.42	2,593,009,384
2018	12,721,700	1,768,695,900	10,820,600	102,000	253,901,300	56,695,400	303,516,500	2,406,453,400	100	2,406,453,500	210,643,400	1.47	2,677,182,301
2019	13,516,200	1,774,659,800	10,820,600	101,500	263,760,100	56,845,400	266,516,500	2,386,220,100	100	2,386,220,200	210,541,600	1.54	2,762,491,383
2020	12,691,000	1,780,350,400	10,873,500	101,500	244,519,600	56,845,400	245,016,500	2,350,397,900	100	2,350,398,000	210,984,100	1.59	2,829,056,195
2021	13,703,900	1,786,362,900	10,873,500	101,500	250,073,500	56,845,400	245,016,500	2,362,977,200	100	2,362,977,300	211,874,900	1.60	2,904,422,811
2022	14,857,200	1,791,941,000	10,873,500	101,500	250,339,600	56,845,400	245,016,500	2,369,974,700	100	2,369,974,800	211,322,500	1.64	3,010,712,815
2023 *	14,959,100	2,507,889,800	14,928,700	106,100	348,625,300	105,436,300	372,187,900	3,364,133,200	75	3,364,133,275	211,322,500	1.18	3,196,834,517
2024	15,526,400	2,597,311,200	11,192,500	110,800	365,052,700	105,269,600	375,238,700	3,469,701,900	75	3,469,701,975	347,183,500	1.17	3,367,304,546

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

* - Revaluation of the Township's real property was effective in 2023.

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

[b] - Tax rates are per $100 of assessed value.

Source: Pequannock Township Tax Assessor.

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

	Pequannock Township School District Direct Rate			Overlapping Rates		
Year Ended December 31,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Pequannock Township	Morris County	Total Direct and Overlapping Tax Rate
2015	$ 1.33	$ 0.03	$ 1.36	$ 0.51	$ 0.27	$ 2.14
2016	1.34	0.03	1.37	0.53	0.27	2.17
2017	1.39	0.03	1.42	0.48	0.25	2.16
2018	1.43	0.04	1.47	0.55	0.28	2.29
2019	1.50	0.04	1.54	0.56	0.30	2.40
2020	1.55	0.04	1.59	0.58	0.31	2.48
2021	1.56	0.04	1.60	0.59	0.32	2.50
2022	1.60	0.04	1.64	0.59	0.33	2.56
2023 *	1.15	0.03	1.18	0.43	0.24	1.85
2024	1.15	0.03	1.17	0.43	0.24	1.84

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

* - Revaluation of the Township's real property was effective in 2023.

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

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

Source: Pequannock Township Tax Collector and School Business Administrator.

Exhibit J-8

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

	2024				2015		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Valuation Taxable	Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Valuation Taxable
Point View Campus LLC	$ 374,745,100	1	11.14%	Point View Campus LLC	$ 358,026,000	1	14.80%
Plaza Twenty Three Station LLC	46,108,700	2	1.37%	Plaza 23 Associates	24,446,100	2	1.01%
ABN Realty	22,000,000	3	0.65%	West End Road Associates	7,280,000	3	0.30%
West End Road Associates	16,010,400	4	0.48%	New EKC Corporation	6,633,400	4	0.27%
101 Alexander Ave NJ LLC	15,256,900	5	0.45%	Adjess Associates	6,224,900	5	0.26%
Perrin Associates LLC	14,224,400	6	0.42%	Pequannock Joint Venture	5,856,500	6	0.24%
Pequannock Joint Venture, LLC	11,558,800	7	0.34%	Perrin Associates LLC	5,751,000	7	0.24%
Pompton Realty	9,717,500	8	0.29%	Romont Corporate	5,027,000	8	0.21%
Kent PL Holdings LLC	7,261,900	9	0.22%	Panraq Associates	4,650,500	9	0.19%
Romont Corporation	6,993,200	10	0.21%	Adventure Holdings	4,596,000	10	0.19%
Total	$ 523,876,900		19.00%		$ 428,491,400		17.72%

Source: Pequannock Township Tax Assessor.

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of: Amount	Collected Within the Fiscal Year of: Percentage of Tax Levy	Collections in Subsequent Years
2016	$ 33,102,652	$ 33,102,652	100.00%	$ - 0 -
2017	33,935,123	33,935,123	100.00%	- 0 -
2018	34,629,554	34,629,554	100.00%	- 0 -
2019	35,934,476	34,477,369	95.95%	1,457,107
2020	36,641,809	34,617,539	94.48%	2,024,270
2021	37,366,185	35,849,169	95.94%	1,517,016
2022	38,097,207	38,097,207	100.00%	- 0 -
2023	38,878,360	38,878,360	100.00%	- 0 -
2024	39,638,078	38,026,622	95.93%	1,611,456
2025	40,763,220	40,763,220	100.00%	- 0 -

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

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

Exhibit J-10

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

	Governmental Activities					
Year Ended June 30,	General Obligation Bonds	Bond Anticipation Notes	Financed Purchases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2016	$13,565,000	$ 200,000	$ - 0 -	$13,765,000	1.02%	$ 897.27
2017	12,715,000	- 0 -	- 0 -	12,715,000	0.95%	832.30
2018	11,870,000	- 0 -	- 0 -	11,870,000	0.86%	779.54
2019	11,010,000	- 0 -	- 0 -	11,010,000	0.78%	727.65
2020	10,125,000	- 0 -	250,000	10,375,000	0.72%	693.75
2021	9,205,000	- 0 -	5,424,292	14,629,292	0.99%	982.89
2022	8,250,000	- 0 -	5,376,005	13,626,005	0.82%	876.16
2023	7,260,000	- 0 -	5,062,283	12,322,283	0.73%	791.46
2024	6,230,000	- 0 -	4,584,622	10,814,622	0.60%	693.11
2025	5,140,000	- 0 -	4,232,875	9,372,875	0.51%	595.44

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

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

Source: Pequannock Township School District Financial Reports.

Exhibit J-11

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

	General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Bond Anticipation Notes	Deductions	Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable [a]	Per Capita [b]
2016	$ 13,565,000	$ 200,000	$ - 0 -	$ 13,765,000	0.569%	$ 897.27
2017	12,715,000	- 0 -	- 0 -	12,715,000	0.512%	832.30
2018	11,870,000	- 0 -	- 0 -	11,870,000	0.487%	779.54
2019	11,010,000	- 0 -	- 0 -	11,010,000	0.458%	727.65
2020	10,125,000	- 0 -	- 0 -	10,125,000	0.424%	677.03
2021	9,205,000	- 0 -	- 0 -	9,205,000	0.392%	618.45
2022	8,250,000	- 0 -	- 0 -	8,250,000	0.349%	530.48
2023	7,260,000	- 0 -	- 0 -	7,260,000	0.306%	466.31
2024	6,230,000	- 0 -	- 0 -	6,230,000	0.185%	399.28
2025	5,140,000	- 0 -	- 0 -	5,140,000	0.148%	326.54

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

[a] - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.
[b] - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Pequannock Township School District Financial Reports.

Exhibit J-12

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2024
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Pequannock Township	$ 540,736	100.00%	$ 540,736
Morris County General Obligation Debt	324,225,727	2.93%	9,506,276
Subtotal Overlapping Debt			10,047,011
Pequannock Township School District Direct Debt			5,980,000
Total Direct and Overlapping Debt			$ 16,027,011

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

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

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

Exhibit J-13

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	$ 101,819,326	$ 103,833,439	$ 105,628,538	$ 108,257,283	$ 111,329,087
Total Net Debt Applicable to Limit	13,765,000	12,715,000	11,870,000	11,010,000	10,125,000
Legal Debt Margin	$ 88,054,326	$ 91,118,439	$ 93,758,538	$ 97,247,283	$ 101,204,087
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.52%	12.25%	11.24%	10.17%	9.09%

	Fiscal Year				
	2021	2022	2023	2024	2025
Debt Limit	$ 113,715,019	$ 116,593,461	$ 120,716,409	$ 127,088,539	$ 135,972,457
Total Net Debt Applicable to Limit	9,205,000	8,250,000	7,260,000	6,230,000	5,140,000
Legal Debt Margin	$ 104,510,019	$ 108,343,461	$ 113,456,409	$ 120,858,539	$ 130,832,457
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.09%	7.08%	6.01%	4.90%	3.78%

Legal Debt Margin Calculation for Fiscal Year 2025

	Year Ended December 31,	Equalized Valuation Basis
	2022	3,175,207,262
	2023	3,360,772,428
	2024	3,661,954,587
		$ 10,197,934,277
Average Equalized Valuation of Taxable Property		$ 3,399,311,426
Debt Limit (4% of Average Equalization Value) [a]		$ 135,972,457
Net Bonded School Debt at June 30, 2025		5,140,000
Legal Debt Margin		$ 130,832,457

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

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

Exhibit J-14

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

Year	Township Population [a]		Morris County Per Capita Personal Income [b]		Township Personal Income [c]		Township Unemployment Rate [d]
2016	15,277		$ 87,984		$1,344,131,568		4.10%
2017	15,227		90,256		1,374,328,112		4.00%
2018	15,131		93,695		1,417,699,045		3.40%
2019	14,955		96,774		1,447,255,170		2.80%
2020	14,884		98,875		1,471,655,500		8.00%
2021	15,552		107,135		1,666,163,520		5.10%
2022	15,569		109,057		1,697,908,433		3.20%
2023	15,603		115,850		1,807,607,550		3.60%
2024	15,741		115,850	*	1,823,594,850	***	4.10%
2025	15,741	**	115,850	*	1,823,594,850	***	N/A

* - Latest Morris County per capita personal income available (2023) was used for calculation purposes.
** - Latest Pequannock Township population available (2024) was used for calculation purposes.

N/A - This information is not available.

Source:
[a] - Population information provided by the US Department of Census - Population Division.
[b] - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
[c] - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
[d] - Unemployment data provided by the NJ Department of Labor and Workforce Development.

Exhibit J-15

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

2024			2015		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System	10,581	3.93%	U.S Army Armament R&D	6,000	2.27%
Picantinny Arsenal	6,200	2.30%	Atlantic Health System	5,171	1.96%
Novartis	6,178	2.30%	Norvartis Corporation	4,622	1.74%
Barclays	4,320	1.61%	Bayer Healthcare, LLC	2,800	0.80%
ADP	2,600	0.97%	County of Morris	1,757	0.74%
Accenture	2,134	0.79%	Wyndham Worldwide Corporation	1,626	0.65%
PricewaterhouseCoopers	1,911	0.71%	Accenture	1,561	0.64%
Bayer	1,730	0.64%	St. Clare's	1,504	0.64%
Cigna	1,629	0.61%	BASF Corporation	1,500	0.58%
Deloitte & Touche	1,627	0.60%	PricewaterhouseCoopers	1,360	0.58%
Total	38,910	14.46%	Total	27,901	10.60%
Total County Labor Force	269,026		Total County Labor Force	254,562	

Source: Morris County Treasurer's Office.

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Instruction:										
Regular	147.30	144.70	146.10	144.70	147.50	148.55	148.15	148.70	143.20	135.92
Special Education	70.00	73.10	72.13	68.20	68.80	67.60	63.74	64.19	54.40	51.38
Support Services:										
Student/Instruction-Related	48.80	49.38	50.98	51.90	59.70	48.71	55.90	56.71	57.72	59.13
General Administration	3.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
School Administration	17.00	16.00	15.68	20.46	21.40	24.22	21.40	21.70	20.21	20.21
Plant Operations/Maintenance	23.00	23.00	24.00	25.80	26.80	26.50	28.70	27.90	26.90	24.90
Pupil Transportation	6.20	6.00	6.00	6.00	6.00	5.00	5.50	5.00	5.00	6.00
Business & Other Support	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	320.30	319.68	322.39	324.56	337.70	328.08	330.89	331.70	314.93	305.04

Source: Pequannock Township School District Personnel Records.

Exhibit J-17

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

						Pupil/Teacher Ratio								
						Elementary								
Fiscal Year	Enroll-ment	Operating Expenditures [a]	Costs Per Pupil [b]	% Change	Teaching Staff [c]	Hillview	North Boulevard	Stephen J. Gerace	Middle School	High School	Average Daily Enrollment (ADE) [d]	Average Daily Attendance (ADA) [d]	% Change in Average Daily Enrollment	Student Attendance Percentage
2016	2,165	$ 38,232,074	$ 17,659	4.89%	215	10.6:1	9.1:1	13.5:1	10.1:1	9.6:1	2,169	2,087	-2.93%	96.24%
2017	2,138	39,190,091	18,330	3.80%	205	10.2:1	10.6:1	12.6:1	9.9:1	10.2:1	2,133	2,044	-1.65%	95.84%
2018	2,130	40,689,336	19,103	4.22%	198	11.2:1	10.7:1	12.1:1	10.5:1	10.3:1	2,119	2,027	-0.64%	95.66%
2019	2,103	42,072,324	20,006	4.73%	190	11.1:1	11.3:1	13.2:1	10.9:1	10.3:1	2,088	2,002	-1.46%	95.88%
2020	2,118	41,917,810	19,791	-1.07%	199	11.8:1	9.5:1	11.9:1	10.5:1	9.5:1	2,049	1,985	-1.87%	96.88%
2021	2,063	45,204,236	21,912	10.72%	202	11.2:1	9.1:1	10.8:1	11.1:1	9.6:1	2,047	1,994	-0.10%	97.41%
2022	2,114	48,798,900	23,084	5.35%	220	11.3:1	9.1:1	11.3:1	9.5:1	8.7:1	2,087	1,972	1.95%	94.49%
2023	2,107	52,330,753	24,837	7.59%	204	11.8:1	9.6:1	11.3:1	10.5:1	9.6:1	2,079	1,962	-0.38%	94.37%
2024	2,102	56,363,893	26,814	7.96%	216	10.4:1	8.9:1	11.8:1	10.0:1	8.9:1	2,071	1,964	-0.38%	94.83%
2025	2,093	57,298,204	27,368	2.06%	203	11.5:1	9.0:1	12.3:1	10.5:1	9.6:1	2,076	1,976	0.24%	95.18%

Note: Enrollment based on annual October District count.

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

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

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

[d] - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Pequannock Township School District records.

Exhibit J-18

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

District Building	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Hillview School (1962):										
Square Feet	45,005	45,005	45,005	45,005	45,005	45,005	45,005	45,005	45,005	45,005
Capacity (Students)	360	360	360	360	360	360	360	360	360	360
Enrollment	302	296	314	290	307	313	304	308	301	311
North Boulevard School (1954):										
Square Feet	45,902	45,902	45,902	45,902	45,902	45,902	45,902	45,902	45,902	45,902
Capacity (Students)	367	367	367	367	367	367	367	367	367	367
Enrollment	327	328	351	340	318	303	325	338	315	325
Stephen J. Gerace School (1969):										
Square Feet	34,834	34,834	44,350	44,350	44,350	44,350	44,350	44,350	44,350	44,350
Capacity (Students)	278	278	357	357	357	357	357	357	357	357
Enrollment	281	298	286	312	293	278	317	305	330	331
Pequannock Valley Middle School (1950):										
Square Feet	84,754	84,754	84,754	84,754	84,754	84,754	84,754	84,754	84,754	84,754
Capacity (Students)	632	632	632	632	632	632	632	632	632	521
Enrollment	536	513	481	459	463	476	477	485	479	474
Pequannock High School (1957):										
Square Feet	130,547	130,547	130,547	130,547	130,547	130,547	130,547	130,547	130,547	130,547
Capacity (Students)	864	864	864	864	864	864	864	864	864	864
Enrollment	719	703	698	702	677	693	691	671	677	652
Board Office:										
Square Feet	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700

Number of Schools at June 30, 2025:

Elementary = 3
Middle School = 1
High School = 1

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

Source: Pequannock Township School District Facilities Office.

Exhibit J-19

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

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

Fiscal Year Ended	Hillview Elementary School	North Boulevard Elementary School	Stephen J. Gerace Elementary School	Pequannock Valley Middle School	Pequannock High School	Total School Facilities*
2016	$ 50,436	$ 52,433	$ 53,480	$ 113,998	$ 148,948	$ 419,295
2017	67,587	72,338	40,098	104,646	162,244	446,913
2018	75,188	122,858	109,778	128,967	202,084	638,875
2019	110,604	111,304	94,288	212,701	323,305	852,202
2020	83,932	83,932	71,019	161,408	245,340	645,631
2021	73,771	73,771	62,422	141,868	215,638	567,470
2022	55,934	57,482	59,683	116,370	205,292	494,761
2023	56,294	65,020	67,851	150,432	191,951	531,548
2024	90,760	78,714	70,465	154,665	185,916	580,520
2025	60,983	116,394	81,257	120,755	371,439	750,828

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

Source: Pequannock Township School District records.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

	Coverage	Deductible
National Union Fire Insurance Company Package Policy		
Property – Blanket Building & Contents	$ 76,123,346	$ 5,000
Commercial General Liability (each occurrence)	1,000,000	
Crime & Fidelity Coverage – Employee theft	500,000	5,000
Forgery or Alteration	50,000	1,000
Robbery or Safe Burglary	50,000	
Computer Fraud	50,000	1,000
Earthquake	5,000,000	100,000
Flood Insurance		
Zones A, N or V	2,500,000	500,000
Zone B	7,500,000	100,000
Zone C	10,000,000	50,000
Commercial Automobile Liability	1,000,000	1,000
Boiler and Machinery	100,000,000	1,000
Equipment Breakdown Protection	100,000,000	5,000
Commercial Umbrella Liability Policy		
Occurrence	9,000,000	
Aggregate	9,000,000	
Products/Completed Operations Aggregate	9,000,000	
Casualty Business Crisis Aggregate Limit	250,000	
Retained Limit per occurrence		10,000
Greenwich Insurance Company		
School Board Legal Liability:		
Educators Errors and Omissions Liability	1,000,000	15,000
Employment Practices Liability	1,000,000	40,000
Policy Aggregate	1,000,000	
National Union Fire		
Blanket Crime	500,000	
SELECTIVE Ins. Co. Public Officials Bonds		
Treasurer	300,000	
Board Secretary/Business Administrator	300,000	
Evanston/Markel		
Environmental Impairment Liability - Public/Education Entity Pollution Liability		
Each occurrence /Aggregate	1,000,000/ 3,000,000	25,000
Fund Aggregate	10,000,000	
Fungi/Mold Sublimit	100,000	

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

	Coverage	Deductible
Excess Liability (not shared) Hudson/Allied World/Evanston		
Each occurrence	$ 30,000,000	
Aggregate	30,000,000	
Excess Liability Policy - Fireman's Fund (Shared)		
Excess Liability Each occurrence	25,000,000	
Fund Aggregate	25,000,000	
Student Accident:		
Voluntary Students - maximum benefit Berkeley Accident & Health Insurance Company	500,000	
All Athletes - Arch Insurance Company	5,000,000	
Catastrophic Cash Benefit	1,000,000	
Coalition Cyber Insurance		
Each Claim	1,000,000	$ 10,000
Policy Aggregate	1,000,000	
Pooled Insurance Program:		
Workers Compensation	1,000,000	
Excess Workers Compensation - Safety National Statutory Limits		
Employer's Liability	1,000,000	
Police Professional - Greenwich Insurance Company		
Each Occurrence	3,000,000	5,000
Aggregate	3,000,000	

Source: Pequannock Township School District records.

SINGLE AUDIT SECTION

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Mount Arlington, NJ
Newton, NJ
Bridgewater, NJ
973.298.8500
nisivoccia.com
Independent Member
BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Pequannock Township School District (the "District"), in the County of Morris, as of and for the fiscal 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 November 3, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nisivoccia, LLP
NISIVOCCIA, LLP

Mount Arlington, New Jersey
November 3, 2025

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

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Mount Arlington, NJ
Newton, NJ
Bridgewater, NJ
973.298.8500
nisivoccia.com
Independent Member
BKR International

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Pequannock Township School District's (The District's) compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2025. The District's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Nisivoccia, LLP

Mount Arlington, New Jersey
November 3, 2025

NISIVOCCIA, LLP

Kathryn L. Mantell

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

				Balance at June 30, 2024				Repayment	Balance at June 30, 2025		MEMO	
State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	of Prior Years' Balances	GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
New Jersey Department of Education												
General Fund:												
Categorical Special Education Aid	24-495-034-5120-089	7/1/23 - 6/30/24	$ 1,839,525	$ (178,268)		$ 178,268						$ 1,839,525
Equalization Aid	24-495-034-5120-078	7/1/23 - 6/30/24	406,379	(39,382)		39,382						406,379
Categorical Security Aid	24-495-034-5120-084	7/1/23 - 6/30/24	168,558	(16,335)		16,335						168,558
School Choice Aid	24-495-034-5120-068	7/1/23 - 6/30/24	59,624	(5,778)		5,778						59,624
Categorical Transportation Aid	24-495-035-5120-014	7/1/23 - 6/30/24	124,035	(12,020)		12,020						124,035
Additional Nonpublic Transportation Aid	24-495-034-5120-014	7/1/23 - 6/30/24	43,637	(43,637)		43,637						43,637
Extraordinary Aid	24-495-034-5120-044	7/1/23 - 6/30/24	726,471	(726,471)		726,471						726,471
Reimbursed TPAF Social Security	24-495-034-5120-044	7/1/23 - 6/30/24	1,423,253	(139,958)		139,958						1,423,253
Contributions	25-495-034-5094-003	7/1/24 - 6/30/25	1,450,002			1,308,803	$ (1,450,002)		$ (141,199)		$ (141,199)	1,450,002
Categorical Special Education Aid	25-495-034-5120-089	7/1/24 - 6/30/25	2,093,930			1,889,862	(2,093,930)				(204,068)	2,093,930
Equalization Aid	25-495-034-5120-078	7/1/24 - 6/30/25	406,379			366,775	(406,379)				(39,604)	406,379
Categorical Security Aid	25-495-034-5120-084	7/1/24 - 6/30/25	168,558			152,131	(168,558)				(16,427)	168,558
School Choice Aid	25-495-034-5120-068	7/1/24 - 6/30/25	63,332			57,160	(63,332)				(6,172)	63,332
Categorical Transportation Aid	25-495-035-5120-014	7/1/24 - 6/30/25	124,035			111,947	(124,035)				(12,088)	124,035
Nonpublic Transportation Aid	25-495-034-5120-014	7/1/24 - 6/30/25	44,178				(44,178)		(44,178)		(44,178)	44,178
Extraordinary Aid	25-495-034-5120-044	7/1/24 - 6/30/25	806,801				(806,801)		(806,801)		(806,801)	806,801
Menstrual Product Reimbursed	N/A	7/1/24 - 6/30/25	3,377				(3,377)		(3,377)		(3,377)	3,377
On Behalf:												
TPAF Post Retirement Contributions	25-495-034-5094-001	7/1/24 - 6/30/25	1,969,862			1,969,862	(1,969,862)					1,969,862
Long Term Disability Insurance Contributions	25-495-034-5094-004	7/1/24 - 6/30/25	82,487			82,487	(82,487)					82,487
TPAF Pension Contributions	25-495-034-5094-002	7/1/24 - 6/30/25	6,658,981			6,658,981	(6,658,981)					6,658,981
TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24 - 6/30/25	2,912			2,912	(2,912)					2,912
Total General Fund				(1,161,849)		13,762,769	(13,874,834)		(995,555)		(1,273,914)	18,666,316
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Handicapped Services:												
Examination and Classification	25-100-034-5120-066	7/1/24 - 6/30/25	62,570			62,570	(62,253)			$ 317		62,253
Supplementary Instruction	25-100-034-5120-066	7/1/24 - 6/30/25	50,386			50,386	(47,330)			3,056		47,330
Corrective Speech	25-100-034-5120-066	7/1/24 - 6/30/25	39,711			39,711	(39,246)			465		39,246
Examination and Classification	24-100-034-5120-066	7/1/23 - 6/30/24	73,361		$ 27,849			$ 27,849				45,512
Supplementary Instruction	24-100-034-5120-066	7/1/23 - 6/30/24	42,704		2,230			2,230				40,474
Corrective Speech	24-100-034-5120-066	7/1/23 - 6/30/24	24,924		558			558				24,366
Security Aid	25-100-034-5120-084	7/1/24 - 6/30/25	76,465			76,465	(76,431)			34		76,431
Security Aid	24-100-034-5120-084	7/1/23 - 6/30/24	74,825		61			61				74,764
Textbook Aid	25-100-034-5120-064	7/1/24 - 6/30/25	18,820			18,820	(18,815)			5		18,815
Technology Initiative	25-100-034-5120-373	7/1/24 - 6/30/25	18,032			18,032	(18,028)			4		18,028
Nursing Services	25-100-034-5120-070	7/1/24 - 6/30/25	48,490			48,490	(48,490)					48,490
Auxiliary Services:												
Compensatory Education	25-100-034-5120-067	7/1/24 - 6/30/25	74,560			74,560	(65,223)			9,337		65,223
Compensatory Education	24-100-034-5120-067	7/1/23 - 6/30/24	75,613		2,426			$ 2,426				73,187
Total Special Revenue Fund					33,124	389,034	(375,816)	33,124		13,218		717,821

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024 Budgetary (Accounts Receivable)	Balance at June 30, 2024 Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2025 GAAP (Accounts Receivable)	Balance at June 30, 2025 Due to Grantor	MEMO Budgetary (Accounts Receivable)	MEMO Cumulative Total Expenditures
New Jersey Department of Education:												
Debt Service Fund:												
Debt Service Aid	25-100-034-5120-075	7/1/24 - 6/30/25	$ 344,121			$ 344,121	$ (344,121)					$ 344,121
Total Debt Service Fund						344,121	(344,121)					344,121
Total New Jersey Department of Education				$ (1,161,849)	$ 33,124	14,495,924	(14,594,771)	$ 33,124	$ (995,555)	$ 13,218	$ (1,273,914)	19,728,258
N.J. School Development Authority Grants:												
Special Revenue Fund:												
Emergent and Capital Maintenance Needs	N/A	11/19/21 - 6/30/22	50,083			50,083	(50,083)					50,083
Emergent and Capital Maintenance Needs	N/A	7/1/23 - 6/31/24	51,231			51,231	(51,231)					51,231
Capital Projects Fund:												
Pequannock High School Window Replacement and Security Project	4080-100-14-1001	2/24/14 - 12/31/16	261,097			261,097	(261,097)					261,097
Roof Replacement and Various Renovations at Hillview Elementary	4080-055-14-1002	6/15/14 - 12/31/16	279,828			279,828	(279,828)					279,828
Roof Replacement and Various Renovations at North Boulevard Elementary School	4080-060-14-1003	6/15/14 - 12/31/16	309,305			309,305	(309,305)					309,305
Roof Replacement and Various Renovations at Pequannock Valley Middle School	4080-080-14-1004	6/15/14 - 12/31/16	572,009			572,009	(572,009)					572,009
Stephen J. Gerace Elementary School Roof, Security and Window Projects	4080-100-14-1005	2/24/14 - 12/31/16	303,611			303,611	(303,611)					303,611
Total N.J. School Development Authority Grants						1,827,164	(1,827,164)					1,827,164
Total State Awards Subject to Single Audit Determination				$ (1,161,849)	$ 33,124	$ 16,323,088	$(16,421,935)	$ 33,124	$ (995,555)	$ 13,218	$ (1,273,914)	$ 21,555,422
Less: On-Behalf TPAF Pension System Contributions:												
TPAF Post Retirement Contributions	25-495-034-5094-001	7/1/24 - 6/30/25	1,969,862				1,969,862					
Long Term Disability Insurance Contributions	25-495-034-5094-004	7/1/24 - 6/30/25	82,487				82,487					
TPAF Pension Contributions	25-495-034-5094-002	7/1/24 - 6/30/25	6,658,981				6,658,981					
TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24 - 6/30/25	2,912				2,912					
Subtotal - On-Behalf TPAF Pension Syatem Contributions							8,714,242					
Total State Awards Subject to Single Audit Major Program Determination							$ (7,707,693)					

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards includes the state grant activity of the Pequannock Township School District under programs of the state government for the fiscal year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($26,576) for the General Fund, $28,881 for the Special Revenue Fund (of which $28,881 relates to federal grants, and $1,725,850 for the Capital Projects Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General, Special Revenue, and Capital Projects Funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

	State
General Fund	$ 13,848,258
Special Revenue Fund	478,128
Capital Projects Fund	1,725,850
Debt Service Fund	344,121
Total Financial Assistance	$ 16,396,357

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

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

The District received grant awards from the New Jersey Schools Development Authority (SDA) totaling $1,725,850 for various capital projects in prior years. The District realized these grants in full and has received $1,725,850 on the budgetary basis of accounting. The District realizes grant revenue on the GAAP basis of accounting when the funds are expended and submitted for reimbursement. Grant reimbursement requests have been filed and received, and $1,725,850 has been realized as revenue on the GAAP basis as of June 30, 2025.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2025.

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.			Unmodified	
Internal control over financial reporting:				
1.) Material weakness identified?		Yes	X	No
2.) Significant deficiencies identified?		Yes	X	None reported
Noncompliance material to basic financial statements noted?		Yes	X	No

Federal Awards (Not Available)

State Awards

Type of auditor's report issued on compliance for major programs:	Unmodified			
Internal control over major programs:				
1.) Material weakness identified?		Yes	X	No
2.) Significant deficiencies identified?		Yes	X	one reporte
Noncompliance material to basic financial statements noted?		Yes	X	No
Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?		Yes	X	No

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
Continued)

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period Start	Grant Period End	Award Amount	Budgetary Expenditures
N.J. School Development Authority Grants:					
Pequannock High School Window Replacement and Security Project	4080-100-14-1001	2/24/14	12/31/16	$ 261,097	$ 261,097
Roof Replacement and Various Renovations at Hillview Elementary	4080-055-14-1002	6/15/14	12/31/16	279,828	279,828
Roof Replacement and Various Renovations at North Boulevard Elementary School	4080-060-14-1003	6/15/14	12/31/16	309,305	309,305
Roof Replacement and Various Renovations at Pequannock Valley Middle School	4080-080-14-1004	6/15/14	12/31/16	572,009	572,009
Stephen J. Gerace Elementary School Roof, Security and Window Projects	4080-100-14-1005	2/24/14	12/31/16	303,611	303,611
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24	6/30/25	1,450,002	1,450,002
Extraordinary Aid	25-495-034-5120-044	7/1/24	6/30/25	806,801	806,801

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

Auditee qualified as low-risk auditee? X Yes ____ No

Section II - Financial Statement Findings - N/A

Section III - State Financial Assistance Findings and Questioned Costs - N/A

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

Status of Prior Year Findings:

The District had no prior year audit findings.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
FEDERAL SINGLE AUDIT
FISCAL YEAR ENDED JUNE 30, 2025

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

K. FEDERAL SINGLE AUDIT

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Mount Arlington, NJ
Newton, NJ
Bridgewater, NJ
973.298.8500
nisivoccia.com
Independent Member
BKR International

Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Pequannock Township School District's (The District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal program for the fiscal year ended June 30, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*) and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

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

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

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

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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the District 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. We issued our report thereon, dated November 3, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements.

Honorable President and Members
of the Board of Education
Pequannock Township School District
Page 4

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Nisivoccia, LLP

Mount Arlington, New Jersey
December 5, 2025

NISIVOCCIA, LLP

Kathryn L. Mantell

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024 Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2025 Budgetary Accounts Receivable	Amount Provided to Sub-recipients
U.S. Department of Education Passed-through State Department of Education:										
Special Revenue Fund:										
Special Education Cluster (IDEA):										
I.D.E.A. Part B, Basic	84.027A	IDEA408025	7/1/24-9/30/25	$ 580,995		$ 569,468	$ (576,754)		$ (7,286)	
I.D.E.A. Part B, Basic	84.027A	IDEA408024	7/1/23-9/30/24	614,172	$ (37,063)	37,063				
I.D.E.A. Part B, Preschool	84.173A	IDEA408025	7/1/24-9/30/25	17,586		8,858	(17,403)		(8,545)	
Total Special Education Cluster (IDEA)					(37,063)	615,389	(594,157)		(15,831)	
Elementary and Secondary Education Act:										
Title I	84.010A	ESEA408025	7/1/24-9/30/25	60,235		48,072	(60,409)		(12,337)	
Title I	84.010A	ESEA408024	7/1/23-9/30/24	82,642	(32,804)	77,545	(44,741)			
Total Title I					(32,804)	125,617	(105,150)		(12,337)	
Title II, Part A	84.367A	ESEA408025	7/1/24-9/30/25	51,625		31,213	(44,001)		(12,788)	
Title II, Part A	84.367A	ESEA408024	7/1/23-9/30/24	54,707	(6,773)	6,773				
Total Title II					(6,773)	37,986	(44,001)		(12,788)	
Title III - Immigrant	84.365A	ESEA408023	7/1/22-9/30/23	3,530	(946)			$ 946		
Title III	84.365A	ESEA408024	7/1/23-9/30/24	3,530	(2,040)	2,040				
Title III	84.365A	ESEA408025	7/1/24-9/30/25	1,371		1,134	(1,360)		(226)	
Total Title III					(2,986)	3,174	(1,360)	946	(226)	
Title IV	84.424A	ESEA408025	7/1/24-9/30/25	12,440		4,500	(10,732)		(6,232)	
Title IV	84.424A	ESES408024	7/1/23-9/30/24	19,583	(2,188)	16,393	(14,205)			
Total Title IV					(2,188)	20,893	(24,937)		(6,232)	
Total Elementary and Secondary Education Act					(44,751)	187,670	(175,448)	946	(31,583)	
Education Stabilization Fund:										
COVID 19 - ARP:										
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	382,046	(124,068)	127,958	(3,890)			
Accelerated Learning	84.425U	S425U210027	3/13/20-9/30/24	165,172	(52,563)	67,285	(14,722)			
Beyond School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000	(6,422)	10,604	(4,182)			
ARP Homeless	84.425W	N/A	4/23/21-9/30/23	45,003	(45,003)	45,003				
COVID-19 - ARP GEER:										
High Impact Tutoring	84.425C	E2400365	10/11/23-8/31/24	76,000			(8,100)		(8,100)	
Total Education Stabilization Fund					(183,053)	250,850	(30,894)		(8,100)	
Total Special Revenue Fund/U.S. Department of Education					(264,867)	1,053,909	(800,499)	946	(55,514)	

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024 Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2025 Budgetary Accounts Receivable	Amount Provided to Sub-recipients
U.S. Department of Health and Human Services:										
General Fund:										
Medicaid Cluster:										
Medicaid Assistance Program	93.778	N/A	7/1/24-6/30/25	$ 8,409		$ 4,650	$ (8,409)		$ (3,759)	
Total U.S. Department of Health and Human Services/Total Medicaid Cluster						4,650	(8,409)	$ 946	(3,759)	
TOTAL FEDERAL AWARDS					$ (264,867)	$1,058,559	$ (808,908)	$ 946	$ (59,273)	$ - 0 -

N/A - Information is not available.

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

K-3
2 of 2

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Pequannock Township School District under programs of the federal government for the fiscal year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the District, this is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule of expenditures of federal awards are reported on the budgetary basis of accounting with the exception of programs noted under the food service fund, which are presented on the accrual basis of accounting. Under the budgetary basis of accounting, revenue is recognized when measurable and available and expenditures are recorded when the related liability is incurred. Under the accrual basis of accounting, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $28,200 for the Special Revenue Fund. Revenue from federal awards is reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

	Federal
General Fund	$ 8,409
Special Revenue Fund	828,699
Total Financial Assistance	$ 837,108

NOTE 5. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.			Unmodified	
Internal control over financial reporting:				
1.) Material weakness identified?		Yes	X	No
2.) Significant deficiencies identified?		Yes	X	None reported
Noncompliance material to basic financial statements noted?		Yes	X	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified			
Internal control over major programs:				
1.) Material weakness identified?		Yes	X	No
2.) Significant deficiencies identified?		Yes	X	None reported
Noncompliance material to basic financial statements noted?		Yes	X	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	X	No

Identification of major programs:

Program Name or Cluster	Assistance Listing No.	Grant Period Start	Grant Period End	Award Amount	Budgetary Expenditures
Special Education Cluster (IDEA):					
I.D.E.A. Part B, Basic	84.027A	7/1/24	9/30/25	$ 580,995	$ 576,754
I.D.E.A. Part B, Preschool	84.173A	7/1/24	9/30/25	17,586	17,403

Dollar threshold used to distinguish between Type A and B programs			$ 750,000	
Auditee qualified as low-risk auditee?	X	Yes		No

Section II - Financial Statement Findings - N/A

Section III - Federal Awards Findings and Questioned Costs - N/A

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

Status of Prior Year Findings:

The District had no prior year audit findings.