

**BOROUGH OF DEMAREST
SCHOOL DISTRICT**

**Demarest Borough Board of Education
Demarest, New Jersey**

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

**Annual Comprehensive
Financial Report**

of the

BOROUGH OF DEMAREST SCHOOL DISTRICT

Demarest, New Jersey

For the Fiscal Year Ended June 30, 2025

Prepared by

**Borough of Demarest Board of Education
Finance Department**

BOROUGH OF DEMAREST SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors.....	6
 FINANCIAL SECTION.....	 7
Independent Auditors' Report.....	8
Required Supplementary Information.....	11
Management's Discussion and Analysis	12
Basic Financial Statements (Sections A. and B.)	19
A. District-Wide Financial Statements	20
A-1 Statement of Net Position	21
A-2 Statement of Activities.....	22
B. Fund Financial Statements.....	24
B-1 Balance Sheet – Governmental Funds	25
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	26
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	27
B-4 Statement of Net Position– Proprietary Funds.....	28
B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds	29
B-6 Statement of Cash Flows – Proprietary Funds.....	30
Notes to the Basic Financial Statements.....	31
Required Supplementary Information	72
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions.....	73
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System	73
L-2 Schedule of District Contributions – Public Employees Retirement System	74
L-3 Schedule of the State's Proportionate Share of the Net Pension Liability Associated with The District – Teachers' Pension and Annuity Fund.....	75
L-4 Schedule of District Contributions – Teachers' Pension and Annuity Fund	76
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios.....	77
Notes to Required Supplementary Information	78

BOROUGH OF DEMAREST SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

FINANCIAL SECTION (Cont'd)

C. Budgetary Comparison Schedules	79
C-1 Budgetary Comparison Schedule – General Fund.....	80
C-2 Budgetary Comparison Schedule – Special Revenue Fund.....	91
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information	92
Other Supplementary Schedules (D.-I.)	
D. School Level Schedules (Not Applicable).....	93
E. Special Revenue Fund	94
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	95
E-2 Pre-School Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund.....	98
F-1 Summary Schedule of Revenue, Expenditures and Changes in Fund Balance – Budgetary Basis	99
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Demarest Middle School Gym Addition	100
F-1b Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Demarest Middle School Replacement of Unit Ventilators and Boiler Pumps.....	101
F-1c Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Luther Lee Emerson School Replacement of Unit Ventilators	102
G. Proprietary Funds.....	103
Enterprise Fund:	
G-1 Statement of Net Position	104
G-2 Statement of Revenue, Expenses and Changes in Net Position.....	105
G-3 Statement of Cash Flows	106
H. Fiduciary Activities (Not Applicable)	107
I. Long-Term Liabilities.....	108
I-1 Schedule of Serial Bonds	109
I-2 Schedule of Obligations Under Financed Purchases	110
I-3 Schedule of Obligations Under Leases (Not Applicable)	
I-4 Schedule of Obligations Under Subscription-Based Information Technology Arrangements (Not Applicable)	
I-5 Budgetary Comparison Schedule - Debt Service Fund	111

BOROUGH OF DEMAREST SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

STATISTICAL SECTION (Unaudited)

J.	Statistical Schedules.....	112
J-1	Net Position by Component	113
J-2	Changes in Net Position.....	114
J-3	Fund Balances - Governmental Funds	116
J-4	Changes in Fund Balance – Governmental Funds	117
J-5	General Fund Other Local Revenue by Source	119
J-6	Assessed Value and Actual Value of Taxable Property	120
J-7	Direct and Overlapping Property Tax Rates	121
J-8	Principal Property Tax Payers	122
J-9	Property Tax Levies and Collections	123
J-10	Ratios of Outstanding Debt by Type	124
J-11	Ratios of Net General Bonded Debt Outstanding	125
J-12	Ratios of Overlapping Governmental Activities Debt	126
J-13	Legal Debt Margin Information.....	127
J-14	Demographic and Economic Statistics	128
J-15	Principal Employers.....	129
J-16	Full-Time Equivalent District Employees by Function/Program	130
J-17	Operating Statistics	131
J-18	School Building Information	132
J-19	Schedule of Required Maintenance for School Facilities	133
J-20	Insurance Schedule	134
	SINGLE AUDIT SECTION.....	136

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	137
K-2	Report on Compliance for Each Major State Program: Report on Internal Control Over Compliance Required by NJOMB 15-08	139
K-3	Schedule of Expenditures of Federal Awards.....	142
K-4	Schedule of Expenditures of State Awards.....	143
K-5	Notes to the Schedules of Expenditures of Federal and State Awards	145
K-6	Schedule of Findings and Questioned Costs.....	147
K-7	Summary Schedule of Prior Audit Findings	148

INTRODUCTORY SECTION

DEMAREST BOARD OF EDUCATION

568 Piermont Road, Demarest, NJ 07627 - T (201)768-6060 F (201) 767-9122

October 1, 2025

Honorable President and Board Members
Demarest Board of Education
568 Piermont Road
Demarest, NJ 07627

Dear President and Board Members:

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

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2024/2025 fiscal year with an enrollment of 798 students, which is an increase of 25 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Demarest is a small community located in Northeast Bergen County of approximately 5,000 citizens. The economic conditions and population have remained stable in the community. A significant change in population is not anticipated.

Honorable President and Board Members
of the Board of Education
Demarest Board of Education
Page 2
October 1, 2025

3) MAJOR INITIATIVES: The Gymnasium addition project at Demarest Middle School will be completed for the start of the 2025-2026 school year. New doors were installed at Demarest Middle School. Flooring to be replaced at Luther Lee Elementary School. HVAC upgrades are scheduled to be completed in the fall of 2025 for Demarest Middle School and Luther Lee Elementary School. The Board continues to add to the Capital Reserve and Maintenance Reserve accounts to address future infrastructure needs and ensure building systems are well maintained. Curriculum initiatives for the District included the continued implementation of the Ruler Social Emotional Learning program. During the 2024-2025 school year, it was implemented with students Prek-8. This included continued staff training during staff meetings and professional learning time, as well as dedicated days throughout the year to teach Ruler lessons with students. There was continued implementation of the Aimsweb benchmark, given three times per year. The addition of progress monitoring continued in the 2024-2025 school year. Staff had continued training and met in PLCs to monitor students and analyze data.

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, assurances that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits; and 2) the valuation of costs and benefits requires estimates and judgements by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by District 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 federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education.

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

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

Honorable President and Board Members
of the Board of Education
Demarest Board of Education
Page 3
October 1, 2025

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB).

The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements" Note 1.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey, where the funds are secured in accordance with the act.

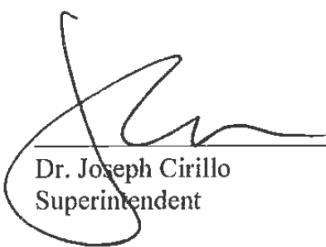
8) RISK MANAGEMENT: The District carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The cost of insurance coverage is increasing substantially due to current economic conditions.

9) OTHER INFORMATION:

A) Independent Audit – State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the related Uniform Guidance and New Jersey's OMB Circular 15-08. The auditors' report on the basic financial statements and supplementary schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,



Dr. Joseph Cirillo
Superintendent

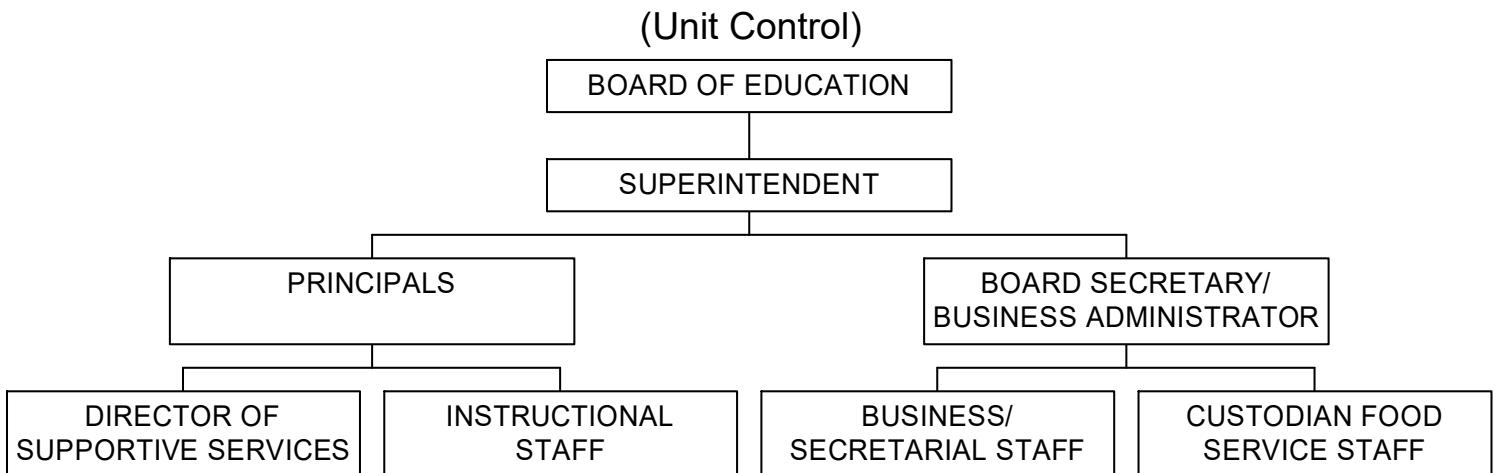


Antoinette Kelly
Business Administrator/Board Secretary

DEMAREST PUBLIC SCHOOL DISTRICT

ORGANIZATIONAL CHART

2024/2025



Administrative Offices

568 Piermont Road, Demarest, NJ 07627 - T 201.768.6060 F 201.767.9122

DEMAREST BOARD OF EDUCATION

ROSTER OF OFFICIALS

2024/2025

MEMBERS OF THE BOARD OF EDUCATION

Diane Holzberg	President	2026
Erica Cantatore	Vice President	2026
Jennifer Choi	Member	2025
Julie Fein	Member	2025
Christen Governale	Member	2025
Kyusoon Lee	Member	2027
Gabriella Brillhart	Member	2027

OTHER OFFICIALS

Michael Fox	Superintendent of Schools
Antoinette Kelly	Business Administrator/Board Secretary
Phil Nisonoff	Treasurer
Stephen Fogarty, Esq.	Board Attorney – Special Counsel
Matthew Giacobbe, Esq.	Board Attorney – General Counsel

DEMAREST BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

2024/2025

ARCHITECT

EI Associates
8 Ridgedale Avenue
Cedar Knolls, NJ 07927
T 973.775.7777

ATTORNEYS

Cleary, Giacobbe, Alfieri & Jacobs, LLC
955 Route State 34, Suite 200
Matawan, NJ 07747
T 732.583.7474

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, NJ 07410
T 201.791.3340

AUDIT FIRM

Nisivoccia, LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320
T 973.298.8500

BOND COUNSEL

Wilentz, Goldman & Spitzer, P.A.
90 Wodbridge Center Drive
Suite 900, Box 10
Woodbridge, NJ 07095
T 732.636.8000

And

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
T 973.383.6699

And

1140 Route 22 East, Suite 203
Bridgewater, New Jersey 08807

OFFICIAL DEPOSITORYES

Valley Bank
370 Pascack Road
Washington Township, NJ 07676
T 973.305.8800

Administrative Offices: 568 Piermont Rd, Demarest, NJ 07627 - Tel 201.768.6060 Fax 201.767.9122

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Borough of Demarest School District
County of Bergen, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Demarest School District (the "District"), in the County of Bergen, 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.

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.

The Honorable President and Members
of the Board of Education
Borough of Demarest School District
Page 2

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable President and Members
of the Board of Education
Borough of Demarest School District
Page 3

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 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.

October 1, 2025
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski
Certified Public Accountant
Licensed Public School Accountant #2684

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOROUGH OF DEMAREST SCHOOL DISTRICT
DEMAREST, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Borough of Demarest 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.

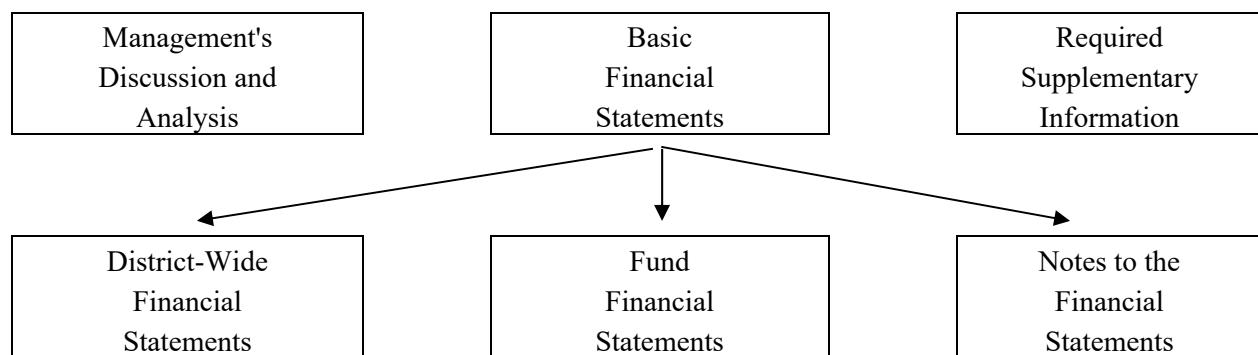
Overview of the Financial Statements

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 services.
- *Notes to Basic Financial Statements:* Provide additional information essential to a full understanding of the district-wide and fund financial statements.

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 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 Borough of Demarest School District's Financial Report



**BOROUGH OF DEMAREST SCHOOL DISTRICT
DEMAREST, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 the 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	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription assets or long-term liabilities 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

**BOROUGH OF DEMAREST SCHOOL DISTRICT
DEMAREST, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current 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 it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at 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.

**BOROUGH OF DEMAREST SCHOOL DISTRICT
DEMAREST, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- *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 *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

Notes to the Basic Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's *combined* net position was \$19,449,935 on June 30, 2025, which is \$2,726,884, or 16.31%, more than the previous year. (See Figure A-3).

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percent Change 2024/2025
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	
Current and Other Assets	\$ 8,563,038	\$ 13,229,668	\$ 121,637	\$ 58,764	\$ 8,684,675	\$ 13,288,432	
Capital Assets, Net	17,678,202	12,112,219	60,153	58,875	17,738,355	12,171,094	
Total Assets	26,241,240	25,341,887	181,790	117,639	26,423,030	25,459,526	3.78%
Deferred Outflows of Resources	338,010	388,797			338,010	388,797	-13.06%
Other Liabilities	658,756	568,460	41,915		700,671	568,460	
Long-Term Liabilities	6,435,774	8,398,869			6,435,774	8,398,869	
Total Liabilities	7,094,530	8,967,329	41,915		7,136,445	8,967,329	-20.42%
Deferred Inflows of Resources	174,660	157,943			174,660	157,943	10.58%
Net Position:							
Net Investment in Capital Assets	13,854,433	6,564,351	60,153	58,875	13,914,586	6,623,226	
Restricted	6,289,347	7,072,174			6,289,347	7,072,174	
Unrestricted/(Deficit)	(833,720)	2,968,887	79,722	58,764	(753,998)	3,027,651	
Total Net Position	\$ 19,310,060	\$ 16,605,412	\$ 139,875	\$ 117,639	\$ 19,449,935	\$ 16,723,051	16.31%

Changes in Net Position. Net position from governmental activities increased \$2,704,648 while net position from business-type activities increased \$22,236.

**BOROUGH OF DEMAREST SCHOOL DISTRICT
DEMAREST, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent Change 2024/2025
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	
Revenue:							
Program Revenue:							
Charges for Services	\$ 924,021	\$ 1,030,564	\$ 459,099	\$ 428,440	\$ 1,383,120	\$ 1,459,004	
Operating Grants/Contributions	3,409,042	3,855,064			3,409,042	3,855,064	
General Revenue:							
Property Taxes	18,005,452	17,350,318			18,005,452	17,350,318	
Other	886,170	735,106	5,152		891,322	735,106	
Total Revenue	23,224,685	22,971,052	464,251	428,440	23,688,936	23,399,492	1.24%
Expenses:							
Instruction	11,894,697	11,784,779			11,894,697	11,784,779	
Pupil and Instruction Services	3,817,254	4,037,574			3,817,254	4,037,574	
Administrative and Business	1,887,180	2,119,134			1,887,180	2,119,134	
Maintenance and Operations	2,425,264	2,093,753			2,425,264	2,093,753	
Transportation	205,433	338,146			205,433	338,146	
Other	290,209	206,609	442,015	398,289	732,224	604,898	
Total Expenses	20,520,037	20,579,995	442,015	398,289	20,962,052	20,978,284	-0.08%
Increase/(Decrease) in Net Position	\$ 2,704,648	\$ 2,391,057	\$ 22,236	\$ 30,151	\$ 2,726,884	\$ 2,421,208	12.62%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved significantly. However, maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources.

It is crucial that the District examine its expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other expenses. 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 obligation placed on the District's taxpayers by each of these functions.

**BOROUGH OF DEMAREST SCHOOL DISTRICT
DEMAREST, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Figure A-5
Net Cost of Governmental Activities

	Total Costs of Services		Net Cost of Services	
	2024/2025	2023/2024	2024/2025	2023/2024
Instruction	\$ 11,894,697	\$ 11,784,779	\$ 8,312,774	\$ 7,797,861
Pupil and Instruction Services	3,817,254	4,037,574	3,275,561	3,382,398
Administration and Business	1,887,180	2,119,134	1,738,349	1,938,243
Maintenance and Operations	2,425,264	2,093,753	2,425,264	2,093,753
Transportation	205,433	338,146	144,817	275,503
Other	290,209	206,609	290,209	206,609
	<u>\$ 20,520,037</u>	<u>\$ 20,579,995</u>	<u>\$ 16,186,974</u>	<u>\$ 15,694,367</u>

Business-Type Activities

Net position from the District's business-type activity increased by \$22,236, (Refer to Figure A-4). Factors contributing to these results included:

- Food services revenues exceeded expenses by \$22,236 accounting for the increase in the net position of the business-type activities.

Financial Analysis of the District's Funds

The financial position District's funds decreased during the fiscal year. Expenditures during the recent year increased as a result of an increased number of pupils with disabilities entering the School District. In addition to greater numbers, these pupils are more profoundly disabled and require more complex educational and related services.

A continued increase in the enrollment of disabled students has also forced the District to expand its classroom teaching staff, special education aides and special transportation. The cost of these additional teachers, and special education aides, however, has largely been offset by salary reductions realized from the retirement of a significant number of veteran staff. Fringe benefit costs for all staff have increased dramatically in the past several years. The Board has changed to a different Health Benefits carrier in order to reduce costs in this area.

Expenditures for open prior year and current year capital projects exceeded the current year funding for these projects.

Legislation (S-1701) which reduced the District's unassigned General Fund surplus funds to 2% of the budget has had a direct impact on the District's planning for upcoming years. The District now has less funds available in the event of an emergency or unanticipated special education tuition. Consideration must be given to suspending the practice of utilizing unassigned fund balance to reduce the tax levy in future budgets. Increases in operating costs could exceed expected growth in the Borough's ratables and could potentially increase local taxes in the future. In order to maintain a stable financial position, the District must continue its practice of sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Changes in budgetary line accounts to more accurately reflect current requirements.

**BOROUGH OF DEMAREST SCHOOL DISTRICT
DEMAREST, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Long Term Liabilities

Figure A-6

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percent Change 2024/2025
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	
Land	\$ 1,303,570	\$ 1,303,570			\$ 1,303,570	\$ 1,303,570	
Construction in Progress	7,205,821	1,144,241			7,205,821	1,144,241	
Buildings and Building Improvements	7,403,887	7,820,017			7,403,887	7,820,017	
Machinery & Equipment	1,764,924	1,844,391	\$ 60,153	\$ 58,875	1,825,077	1,903,266	
Total Capital Assets, (Net of Depreciation)	<u>\$ 17,678,202</u>	<u>\$ 12,112,219</u>	<u>\$ 60,153</u>	<u>\$ 58,875</u>	<u>\$ 17,738,355</u>	<u>\$ 12,171,094</u>	45.74%

Figure A-7

Outstanding Long-Term Debt

	Total School District		Percent Change 2024/2025
	2024/2025	2023/2024	
General Obligation Bonds	\$ 590,000	\$ 1,160,000	
Obligations Under Financed Purchases	3,233,769	4,387,868	
Unamortized Bond Premium	34,596	69,193	
Compensated Absences Payable	330,397	340,344	
Net Pension Liability - PERS	<u>2,247,012</u>	<u>2,441,464</u>	
	<u>\$ 6,435,774</u>	<u>\$ 8,398,869</u>	-23.37%

Factors Bearing on the District's Future

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

- Statutory limitation on Tax Levy increases of 2%
- Very limited State Aid expected
- Limitation on District's General Fund Unassigned Fund Balance

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors 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 Antoinette Kelly, Board Secretary/Business Administrator at 568 Piermont Road, Demarest, NJ 07627.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF DEMAREST SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,941,074	\$ 116,809	\$ 3,057,883
Receivables from Federal Government	21,686		21,686
Receivables from State Government	255,913		255,913
Receivables - Other	55,018	2,872	57,890
Inventory		1,956	1,956
Restricted Assets:			
Cash and Cash Equivalents	5,289,347		5,289,347
Capital Assets:			
Sites (Land)	1,303,570		1,303,570
Construction in Progress	7,205,821		7,205,821
Depreciable Buildings and Building Improvements and Machinery and Equipment	9,168,811	60,153	9,228,964
Total Assets	<u>26,241,240</u>	<u>181,790</u>	<u>26,423,030</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	9,612		9,612
Deferred Outflows for Pensions	<u>328,398</u>		<u>328,398</u>
Total Deferred Outflows of Resources	<u>338,010</u>		<u>338,010</u>
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	61,533		61,533
Payable to State Government	12,289		12,289
Payable to Federal Government	10		10
Accounts Payable	421,080	19,002	440,082
Unearned Revenue	163,844	22,913	186,757
Noncurrent Liabilities:			
Due Within One Year	1,859,475		1,859,475
Due Beyond One Year	<u>4,576,299</u>		<u>4,576,299</u>
Total Liabilities	<u>7,094,530</u>	<u>41,915</u>	<u>7,136,445</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows in Pensions	<u>174,660</u>		<u>174,660</u>
Total Deferred Inflows of Resources	<u>174,660</u>		<u>174,660</u>
NET POSITION			
Net Investment in Capital Assets	13,854,433	60,153	13,914,586
Restricted for:			
Capital Projects	4,901,879		4,901,879
Excess Surplus	1,000,000		1,000,000
Maintenance	300,000		300,000
Student Activities	87,468		87,468
Unrestricted/(Deficit)	<u>(833,720)</u>	<u>79,722</u>	<u>(753,998)</u>
Total Net Position	<u>\$ 19,310,060</u>	<u>\$ 139,875</u>	<u>\$ 19,449,935</u>

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

BOROUGH OF DEMAREST SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position	
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business-type Activities
				Total	Total
Governmental Activities:					
Instruction:					
Regular	\$ 8,665,611	\$ 762,026	\$ 1,212,668	\$ (6,690,917)	\$ (6,690,917)
Special Education	2,481,560		1,540,754	(940,806)	(940,806)
Other Special Instruction	468,440		66,475	(401,965)	(401,965)
School Sponsored Instruction	279,086			(279,086)	(279,086)
Support Services:					
Tuition	283,324			(283,324)	(283,324)
Student & Instruction Related Services	3,533,930	161,995	379,698	(2,992,237)	(2,992,237)
General Administrative Services	624,974		74,453	(550,521)	(550,521)
School Administrative Services	773,180		74,378	(698,802)	(698,802)
Central Services	489,026			(489,026)	(489,026)
Plant Operations and Maintenance	2,425,264			(2,425,264)	(2,425,264)
Pupil Transportation	205,433		60,616	(144,817)	(144,817)
Interest on Long-Term Debt	10,965			(10,965)	(10,965)
Capital Outlay	279,244			(279,244)	(279,244)
Total Governmental Activities	<u>20,520,037</u>	<u>924,021</u>	<u>3,409,042</u>	<u>(16,186,974)</u>	<u>(16,186,974)</u>

BOROUGH OF DEMAREST SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position	
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business-type Activities
Business-Type Activities:					
Food Service	\$ 442,015	\$ 459,099			\$ 17,084
Total Business-Type Activities	<u>442,015</u>	<u>459,099</u>			<u>17,084</u>
Total Primary Government	<u>\$ 20,962,052</u>	<u>\$ 1,383,120</u>	<u>\$ 3,409,042</u>	<u>\$ (16,186,974)</u>	<u>17,084</u>
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net				17,390,952	17,390,952
Taxes Levied for Debt Service				614,500	614,500
Federal and State Aid Not Restricted				339,530	339,530
Investment Earnings				462,604	467,756
Miscellaneous Income				<u>84,036</u>	<u>84,036</u>
Total General Revenues				<u>18,891,622</u>	<u>5,152</u>
Change in Net Position				2,704,648	22,236
Net Position - Beginning				<u>16,605,412</u>	<u>117,639</u>
Net Position - Ending				<u>\$ 19,310,060</u>	<u>\$ 139,875</u>
					<u>\$ 19,449,935</u>

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

FUND FINANCIAL STATEMENTS

BOROUGH OF DEMAREST SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 1,742,358	\$ 3,927	\$ 1,194,789	\$ 2,941,074
Receivables from Federal Government		21,686		21,686
Receivables from State Government	255,913			255,913
Other Accounts Receivable	49,488	5,530		55,018
Restricted Cash and Cash Equivalents	5,201,879	87,468		5,289,347
TOTAL ASSETS	<u>\$ 7,249,638</u>	<u>\$ 118,611</u>	<u>\$ 1,194,789</u>	<u>\$ 8,563,038</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Payable to State Government		\$ 12,289		\$ 12,289
Payable to Federal Government		10		10
Accounts Payable	\$ 185,418		\$ 610	186,028
Unearned Revenue	145,000	18,844		163,844
Total Liabilities	<u>330,418</u>	<u>31,143</u>	<u>610</u>	<u>362,171</u>

Fund Balances:

Restricted for:				
Excess Surplus - 2026-2027		400,000		400,000
Excess Surplus - 2025-2026		600,000		600,000
Capital Reserve Account	4,901,879			4,901,879
Maintenance Reserve Account	300,000			300,000
Student Activities		87,468		87,468
Committed			1,194,179	1,194,179
Assigned:				
Year-End Encumbrances	30,233			30,233
Subsequent Year's Expenditures	135,949			135,949
Unassigned	551,159			551,159
Total Fund Balances	<u>6,919,220</u>	<u>87,468</u>	<u>1,194,179</u>	<u>8,200,867</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 7,249,638</u>	<u>\$ 118,611</u>	<u>\$ 1,194,789</u>	<u>\$ 8,563,038</u>

Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are Different Because:

Total Fund Balances - Governmental Funds (Above)	\$ 8,200,867
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	17,678,202
Long-Term Liabilities, including Compensated Absences Payable, Bonds Payable and Financed Purchases Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(4,154,166)
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.	(61,533)
Bond premiums are not reported as revenue in the governmental funds in the year the bonds are sold.	(34,596)
The deferred amount on bond refunding is not reported as an expenditure in the Governmental Funds in the year of expenditure.	9,612
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,247,012)
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	93,346
Deferred Inflows	(174,660)
Net Position of Governmental Activities	<u>\$ 19,310,060</u>

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

BOROUGH OF DEMAREST 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	\$ 17,390,952			\$ 614,500	\$ 18,005,452
Tuition	762,026				762,026
Capital Reserve Interest	163,066				163,066
Miscellaneous	236,602				383,574
Restricted Miscellaneous		\$ 223,606	\$ 146,972		223,606
Total - Local Sources	18,552,646	223,606	146,972	614,500	19,537,724
State Sources	5,080,555	133,618			5,214,173
Federal Sources		452,664			452,664
Total Revenues	23,633,201	809,888	146,972	614,500	25,204,561
EXPENDITURES:					
Current:					
Instruction:					
Regular Instruction	5,602,530	96,126			5,698,656
Special Education Instruction	1,519,519	221,872			1,741,391
Other Special Instruction	310,309				310,309
School Sponsored Instruction	196,848				196,848
Support Services and Undistributed Costs:					
Tuition	283,324				283,324
Student & Instruction Related Services	2,356,234	214,854			2,571,088
General Administration Services	494,822				494,822
School Administration Services	523,201				523,201
Central Services	384,649				384,649
Administrative Information Technology	14,909				14,909
Plant Operations and Maintenance	2,133,282				2,133,282
Pupil Transportation	191,290				191,290
Allocated and Unallocated Benefits	7,394,376				7,394,376
Capital Outlay	1,107,585	273,862	6,061,580		7,443,027
Debt Service:					
Principal				570,000	570,000
Interest and Other Charges				44,500	44,500
Total Expenditures	22,512,878	806,714	6,061,580	614,500	29,995,672
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,120,323	3,174	(5,914,608)		(4,791,111)
OTHER FINANCING SOURCES/(USES):					
Transfers In	146,972		2,200,000		2,346,972
Transfers Out	(2,200,000)		(146,972)		(2,346,972)
Total Other Financing Sources/(Uses)	(2,053,028)		2,053,028		
Net Change in Fund Balances	(932,705)	3,174	(3,861,580)		(4,791,111)
Fund Balance—July 1	7,851,925	84,294	5,055,759		12,991,978
Fund Balance—June 30	\$ 6,919,220	\$ 87,468	\$ 1,194,179	\$ -0-	\$ 8,200,867

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

BOROUGH OF DEMAREST 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) \$ (4,791,111)

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 Depreciation differs from Capital Outlays during the period.

Depreciation Expense	\$ (507,800)
Capital Outlays	<u>6,073,783</u>
	5,565,983

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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

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.

The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+) 34,597

The governmental funds report the effect the deferred amount on the refunding relative to advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-)

In the Statement of Activities, Interest on Long-term Liabilities 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 (+).

Financed Purchases entered into by the District are other financing sources in the Governmental Funds, but the Acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

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

The 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	194,452
Change in Deferred Outflows	(24,572)
Change in Deferred Inflows	(16,717)

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 2,704,648

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

BOROUGH OF DEMAREST SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Business-Type Activities <u>Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 116,809
Receivables - Other	2,872
Inventory	<u>1,956</u>
Total Current Assets	<u>121,637</u>
Non-Current Assets:	
Capital Assets	121,767
Less: Accumulated Depreciation	<u>(61,614)</u>
Total Non-Current Assets	<u>60,153</u>
Total Assets	<u>181,790</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	19,002
Unearned Revenue - Prepaid Sales	<u>22,913</u>
Total Current Liabilities	<u>41,915</u>
Total Liabilities	<u>41,915</u>
NET POSITION:	
Investment in Capital Assets	60,153
Unrestricted	<u>79,722</u>
Total Net Position	<u>\$ 139,875</u>

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

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

	Business-Type Activities <u>Enterprise Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	<u>\$ 459,099</u>
Total Operating Revenue	<u>459,099</u>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	212,916
Salaries, Payroll Taxes & Benefits	191,203
Purchased Property Services	4,733
Supplies and Materials	11,155
Miscellaneous Expenses	12,318
Depreciation Expense	<u>9,690</u>
Total Operating Expenses	<u>442,015</u>
Operating Income	<u>17,084</u>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	<u>5,152</u>
Total Non-Operating Revenue	<u>5,152</u>
Change in Net Position	22,236
Net Position- Beginning of Year	<u>117,639</u>
Net Position- End of Year	<u>\$ 139,875</u>

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

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

	Business-Type Activities <u>Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 479,140
Payments to Employees	(147,398)
Payments to Food Service Vendor	(69,059)
Payments to Suppliers	<u>(197,739)</u>
Net Cash Provided by Operating Activities	<u>64,944</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>5,152</u>
Net Cash Provided by Investing Activities	<u>5,152</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	<u>(10,968)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(10,968)</u>
Net Increase in Cash and Cash Equivalents	59,128
Cash and Cash Equivalents, July 1	<u>57,681</u>
Cash and Cash Equivalents, June 30	<u>\$ 116,809</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 17,084
Adjustment to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	9,690
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(2,872)
(Increase) in Inventory	(873)
Increase in Accounts Payable	19,002
Increase in Unearned Revenue - Prepaid Sales	<u>22,913</u>
Net Cash Provided by Operating Activities	<u>\$ 64,944</u>

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

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Borough of Demarest 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.

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 non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

B. Basis of Presentation:

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 and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

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 fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

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, 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: This Enterprise Fund accounts for all revenue and expenses pertaining to the District's cafeteria operations. The fund 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. Non-exchange 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.

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, 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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. 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 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 on the GAAP financial statements.

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

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 23,651,355	\$ 809,888
Differences - Budget to GAAP:		
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes.	74,317	
Current year State Aid payments recognized for budgetary purposes, not recognized for GAAP Statements.	(92,471)	
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 23,633,201</u>	<u>\$ 809,888</u>
Uses/Outflows of Resources:		
Actual amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 22,512,878</u>	<u>\$ 806,714</u>
Total Expenditures as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 22,512,878</u>	<u>\$ 806,714</u>

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

	Capital Projects Fund	Fund Balance
Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (per Exhibit F-1)		\$ 1,943,241
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.		<u>(749,062)</u>
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (per Exhibit B-2)		<u>\$ 1,194,179</u>

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 savings 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 Government 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise funds. 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 expenditures 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, 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 are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 Years
Furniture and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 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 the related depreciation is not reported in the fund financials.

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 leases 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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 during the entire twelve month year; therefore, there are no accrued salaries and wages 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 District personnel policies. Upon termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after varying years of service based upon employees' individual contracts.

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 after one year.

Q. Leases 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. Subscription Payables:

In the district-wide financial statements, subscription payables 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.

T. Fund Balance Appropriated:

General Fund: Of the \$6,919,220 General Fund fund balance at June 30, 2025, \$4,901,879 is restricted in the capital reserve account; \$300,000 is restricted in the maintenance reserve account; \$400,000 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2027; \$600,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2026; \$30,233 is assigned for year end encumbrances; \$135,949 is designated for subsequent year's expenditures and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2026; and \$551,159 is unassigned which is \$92,471 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2026.

Special Revenue Fund: The Special Revenue Fund has \$87,468 of fund balance at June 30, 2025 which is entirely restricted for student activities.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Capital Projects Fund: The Capital Projects Fund has \$1,194,179 in committed fund balance for capital projects at June 30, 2025 which is \$749,062 less on the GAAP basis due to the SDA grants receivable not recognized on the GAAP basis.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, 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 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 had excess surplus as noted above.

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$92,471 as reported in the fund statements (modified accrual basis). 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 last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two 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 final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

U. Deficit Net Position:

The District had a \$833,720 deficit in unrestricted net position in governmental activities as of June 30, 2025 primarily due to the non-recognition of the June state aid payments as explained in Note 1T above, the accrual of compensated absences payable, accrued interest payable, unassigned and assigned General Fund fund balance, deferred outflows and inflows of resources related to pension and the net pension liability. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

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 related to pensions and for the deferred amount on the refunding of the District's bonds. The District had deferred inflows of resources at June 30, 2025 related to pensions.

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

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

V. Net Position: (Cont'd)

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 and 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 has been restricted, committed or assigned.

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion, or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$1,194,179 of committed resources in the Capital Projects Fund 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 in the General Fund of \$30,233 for fiscal year-end encumbrances and for amounts designated for subsequent year's expenditures of \$135,949 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 Fund. 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Y. Revenue - Exchange and Non-exchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On 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.

Non-exchange 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 non-exchange 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.

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 and 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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 District 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 District 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 District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section of this note on investments.

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 New Jersey school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the 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 of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Investments:

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

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

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Investments: (Cont'd)

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

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

As of June 30, 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	<u>\$ 3,057,883</u>	<u>\$ 5,289,347</u>	<u>\$ 8,347,230</u>

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 \$8,347,230 and the bank balance was \$8,670,254.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution during 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 may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by a transfer by Board resolution at year-end of any unanticipated revenue or unexpended line item appropriation, 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

Beginning Balance, July 1, 2024	\$ 5,187,880
Increased by:	
Interest Earned	163,066
Board Resolution Dated June 17, 2025	1,750,933
Decreased by:	
Budgeted Withdrawal	<u>2,200,000</u>
Ending Balance, June 30, 2025	<u>\$ 4,901,879</u>

The June 30, 2025 LRFP balance of local support costs of uncompleted capital projects at June 30, 2025 exceeds the balance in the capital reserve account as of June 30, 2025. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$150,000 was established by the District in June 2021. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance.

These funds are restricted to 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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	\$ 400,000
Increased by:	
Board Resolution Dated June 17, 2025	200,000
Decreased by:	
Budgeted Withdrawal	200,000
Withdrawals by Board Resolution for Maintenance	<u>100,000</u>
Ending Balance, June 30, 2025	<u><u>\$ 300,000</u></u>

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,303,570			\$ 1,303,570
Construction in Progress	1,144,241	\$ 6,061,580		7,205,821
Total Capital Assets not Being Depreciated	<u>2,447,811</u>	<u>6,061,580</u>		<u>8,509,391</u>
Capital Assets Being Depreciated				
Buildings and Building Improvements	16,586,054			16,586,054
Machinery and Equipment	4,268,500	12,203	\$ (615,980)	3,664,723
Total Capital Assets Being Depreciated	<u>20,854,554</u>	<u>12,203</u>	<u>(615,980)</u>	<u>20,250,777</u>
Governmental Activities Capital Assets	<u>23,302,365</u>	<u>6,073,783</u>	<u>(615,980)</u>	<u>28,760,168</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(8,766,037)	(416,130)		(9,182,167)
Machinery and Equipment	(2,424,109)	(91,670)	615,980	(1,899,799)
Total Accumulated Depreciation	<u>(11,190,146)</u>	<u>(507,800)</u>	<u>615,980</u>	<u>(11,081,966)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 12,112,219</u></u>	<u><u>\$ 5,565,983</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 17,678,202</u></u>

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

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

	<u>Beginning Balance</u>		<u>Adjustments/ Decreases</u>		<u>Ending Balance</u>
	<u>Increases</u>				
Business -Type Activities:					
Capital Assets Being Depreciated					
Machinery and Equipment	\$ 126,360	\$ 10,968	\$ (15,561)	\$ 121,767	
Less: Accumulated Depreciation	<u>(67,485)</u>	<u>(9,690)</u>	<u>15,561</u>	<u>(61,614)</u>	
Business-Type Activities Capital Assets, Net					
of Accumulated Depreciation	<u>\$ 58,875</u>	<u>\$ 1,278</u>	<u>\$ -0-</u>	<u>\$ 60,153</u>	

Depreciation expense was charged to governmental functions as follows:

Regular Instruction		\$ 315,607
Student & Instruction Related Services		134,113
General Administrative Services		3,349
School Administrative Services		21,124
Plant Operations and Maintenance		26,660
Pupil Transportation		<u>6,947</u>
		<u>\$ 507,800</u>

NOTE 7. LEASE ASSETS

The District had no lease assets as of June 30, 2025.

NOTE 8. LONG-TERM LIABILITIES

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

	<u>Balance June 30, 2024</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance June 30, 2025</u>
Serial Bonds Payable	\$ 1,160,000		\$ 570,000	\$ 590,000
Financed Purchases Payable	4,387,868		1,154,099	3,233,769
Unamortized Bond Premium	69,193		34,597	34,596
Compensated Absences Payable	340,344	\$ 21,147	31,094	330,397
Net Pension Liability - PERS	<u>2,441,464</u>		<u>194,452</u>	<u>2,247,012</u>
	<u>\$ 8,398,869</u>	<u>\$ 21,147</u>	<u>\$ 1,984,242</u>	<u>\$ 6,435,774</u>

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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 retired through the Debt Service Fund.

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

Purpose	Issue Date	Final Maturity Date	Interest Rates	Amount
Series 2016 Refunding School Bonds	12/20/16	02/15/26	3.00-5.00%	\$ 590,000

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

Fiscal Year	Bonds		
	Principal	Interest	Total
2026	\$ 590,000	\$ 21,700	\$ 611,700

B. Unamortized Bond Premium

The liability for unamortized bond issuance premiums of the governmental funds is recorded in current and long-term portions. The entire \$34,596 unamortized bond issuance premium balance of the governmental fund types is a current portion of the liability.

C. Bonds Authorized But Not Issued:

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

D. Financed Purchases Payable:

The District has three financed purchase agreements, one for Chromebooks, one for County Road School improvements and one for the Demarest Middle School gym addition, valued at \$5,978,020 of which \$2,744,251 has been repaid. The financed purchase agreements terms are four years for the Chromebooks and five years for the others.

The following is a schedule of the future minimum financed purchase payments, and the present value of the net minimum financed purchase payments at June 30, 2025.

Fiscal Year	Amount
2026	\$ 1,349,419
2027	766,105
2028	692,952
2029	692,952
	3,501,428
Less: Amount Representing Interest	(267,659)
Present Value Net of Minimum Lease Payments	\$ 3,233,769

The current portion of financed purchases payable is \$1,234,878 and the long-term portion is \$1,998,891. The General Fund will be used to liquidate the financed purchases payable.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

E. Leases Payable:

The District had no leases payable as of June 30, 2025.

F. Compensated Absences Payable:

No portion of the compensated absences balance represents a current liability; therefore, the entire balance of \$330,397 is reported as a long-term portion. The General Fund will be used to liquidate Compensated Absences Payable.

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 Fund.

G. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in current and long-term portions 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 \$2,247,012. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

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

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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 50 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. 43:15A 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 \$225,020 for the current fiscal year. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$7,244 to the PERS for normal pension benefits on behalf of the District.

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

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. 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 reported a liability of \$2,247,012 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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 0.01661%, which was a decrease of 0.00031% from its proportion measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized an actual pension expense in the amount of \$71,854 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense on behalf of the District in the amount of \$7,244 and the District recognized pension expense 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, 2025.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2020	5.16		\$ 16,329
	2021	5.13	\$ 2,791	
	2022	5.04		9,237
			<u>2,791</u>	<u>25,566</u>
Changes in Proportion	2020	5.16	1,744	
	2021	5.13	17	
	2022	5.04	21,996	
	2023	5.08	21,786	
	2024	5.08		38,924
			<u>45,543</u>	<u>38,924</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		154,243
	2022	5.00		(244,682)
	2023	5.00		63,450
	2024	5.00		131,177
				<u>104,188</u>
Difference Between Expected and Actual Experience	2020	5.16	910	
	2021	5.13		2,220
	2022	5.04		3,762
	2023	5.08	11,558	
	2024	5.08	32,544	
			<u>45,012</u>	<u>5,982</u>
Contribution Subsequent to Measurement Date	2024	1.00	<u>235,052</u>	
			<u>\$ 328,398</u>	<u>\$ 174,660</u>

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	<u>Total</u>
2025	\$ (95,403)
2026	73,820
2027	(42,470)
2028	(24,518)
2029	<u>638</u>
	<u><u>\$ (87,933)</u></u>

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.

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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (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

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 non-employer 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following 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%	Current	1%
	Decrease (6.00%)	Discount Rate (7.00%)	Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 2,985,726	\$ 2,247,012	\$ 1,618,370

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).

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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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:

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

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

Contributions

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

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer 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 non-employer 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 non-employer 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 \$2,536,388 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of (\$111,362).

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 State's proportionate share of the net pension liability associated with the District was \$30,528,055. 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, 2025, the District's proportion was 0.0618%, which was an increase of 0.0024% from its proportion measured as of June 30, 2024.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>30,528,055</u>
Total	<u>\$ 30,528,055</u>

For the fiscal year ended June 30, 2024, the State recognized a pension benefit on behalf of the District in the amount of \$111,362 and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions				
	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	<u>67,989,902</u>	<u>671,623,600</u>
			<u>671,623,600</u>	<u>9,874,858,005</u>
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		<u>211,440,707</u>
			<u>436,488,877</u>	<u>266,879,466</u>
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		<u>816,400,864</u>
				<u>403,364,319</u>
			<u><u>\$ 1,108,112,477</u></u>	<u><u>\$ 10,545,101,790</u></u>

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
 (Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

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	<u>(34,177,408)</u>
	<u><u>\$ (9,436,989,313)</u></u>

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 Employee mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following 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		
	1%	Current	1%
	Decrease (6.00%)	Discount Rate (7.00%)	Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 36,286,916	\$ 30,528,055	\$ 25,678,007

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 \$17,908 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to \$32,094 for the fiscal year ended June 30, 2025.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. RISK MANAGEMENT

The District maintains insurance coverage for property, liability, student accident and surety bonds. 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. Health benefits are covered through Horizon Blue Cross/Blue Shield of New Jersey.

Property and Liability Insurance

The District is a member of the Northeast Bergen County School Board Insurance Group (the “Group”). This public entity risk management group provides general liability, property and automobile coverage and workers’ compensation coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group’s liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

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

Total Assets	\$ 30,245,133
Net Position	\$ 16,838,401
Total Revenue	\$ 20,311,936
Total Expenses	\$ 19,045,050
Change in Net Position	\$ 1,266,886
Member Dividends	\$ 2,042,318

Financial statements for the Group are available at the Group’s Executive Director’s Office.

Burton Agency
44 Bergen Street
P.O. 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 “Contributory Method”. Under this plan, the District is required to remit employee withholdings to the State on a quarterly basis. All of the District’s claims are paid by the State.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. DEFERRED COMPENSATION

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

Great American Life Insurance Company (G.A.L.I.C.)
AXA/Equitable Life Assurance
Metropolitan Life Insurance Company
Prudential Insurance Company

NOTE 12. 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 13. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances on the balance sheet at June 30, 2025:

During the fiscal year, the Capital Projects Fund had interest earnings of \$146,972 which were transferred to the General Fund.

NOTE 14. TAX CALENDAR

Property taxes are levied 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 November 1. 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. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school 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.

Litigation

The District estimates that any potential claims against it resulting from litigation which would not be covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2025, the District had the following encumbrances:

	General Fund	Capital Projects Fund	Total Governmental Funds
	\$ 30,233	\$ 1,868,388	\$ 1,898,621
	<u>\$ 30,233</u>	<u>\$ 1,868,388</u>	<u>\$ 1,898,621</u>

The \$1,868,388 of encumbrances in the Capital Projects Fund are included in the committed fund balance.

NOTE 16. ACCOUNTS PAYABLE

At June 30, 2025, the District had the following accounts payable:

	General Fund	Capital Projects Fund	District Contribution Subsequent to Measurement Date	Total Governmental Type-Activities	Business- Type Activities Proprietary Funds
Vendors	\$ 43,323	\$ 610		\$ 43,933	\$ 19,002
Payroll Deductions and Withholdings	142,095			142,095	
State of New Jersey	<u>142,095</u>	<u>\$ 610</u>	<u>\$ 235,052</u>	<u>235,052</u>	
	<u>\$ 185,418</u>	<u>\$ 610</u>	<u>\$ 235,052</u>	<u>\$ 421,080</u>	<u>\$ 19,002</u>

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2025, the District transferred \$12,203 to the capital outlay accounts for equipment which did not require approval from the County Superintendent.

NOTE 18. 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, if any, 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>.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 18. 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	<u>219,185</u>
Total	<u><u>372,741</u></u>

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.

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	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 July 1, 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 18. 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

	<u>Total OPEB Liability</u>
Balance at June 30, 2023	\$ 26,203,838
Changes for Year:	
Service Cost	1,226,181
Interest on the Total OPEB Liability	988,805
Difference between Actual and Expected Experience	101,953
Changes of Assumptions	2,247,299
Contributions from Members	25,858
Gross Benefit Payments by the State	<u>(755,166)</u>
Net Changes	<u>3,834,930</u>
Balance at June 30, 2024	<u>\$ 30,038,768</u>

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

Sensitivity of the Total Non-employer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total non-employer 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 non-employer 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%	At	At 1%
	Decrease (2.93%)	Discount Rate (3.93%)	Increase (4.93%)
Total OPEB Liability Attributable to the District	\$ 35,181,831	\$ 30,038,768	\$ 25,857,356

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%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 25,022,512	\$ 30,038,768	\$ 36,572,772

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

For the fiscal year ended June 30, 2025 the District recognized OPEB expense of \$1,450,852 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 18. 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 and Inflows of Resources Related to OPEB (Cont'd)

At June 30, 2024 the State had deferred outflows and 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		\$ 576,072
	2018	9.51		703,291
	2019	9.29	\$ 110,960	
	2020	9.24	2,862,275	
	2021	9.24	16,907	
	2022	9.13		4,593,674
	2023	9.30	41,718	
	2024	9.33	<u>2,006,431</u>	<u>5,038,291</u>
				<u>5,873,037</u>
Differences between Expected and Actual Experience				
	2018	9.51		664,830
	2019	9.29		1,306,004
	2020	9.24	2,667,752	
	2021	9.24		3,251,338
	2022	9.13	473,082	
	2023	9.30		387,544
	2024	9.33	<u>71,458</u>	<u>3,212,292</u>
				<u>5,609,716</u>
Changes in Proportion	N/A	N/A	<u>2,155,178</u>	<u>350,101</u>
			<u>\$ 10,405,761</u>	<u>\$ 11,832,854</u>

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 18. 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 and Inflows of Resources Related to OPEB (Cont'd)

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

Fiscal Year Ending June 30,	<u>Total</u>
2025	\$ (1,065,511)
2026	(893,437)
2027	(424,354)
2028	111,528
2029	(774,365)
Thereafter	<u>(186,031)</u>
	<u><u>\$ (3,232,170)</u></u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

BOROUGH OF DEMAREST 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,				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.0171748910%	0.0151452233%	0.0148864435%	0.0157012792%	0.0161051840%
District's proportionate share of the net pension liability	\$ 3,855,419	\$ 4,485,581	\$ 3,465,326	\$ 3,091,504	\$ 2,901,910
District's covered employee payroll	\$ 1,019,081	\$ 979,710	\$ 1,037,302	\$ 1,070,343	\$ 1,150,603
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	378.32%	457.85%	334.07%	288.83%	252.21%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	40.14%	48.10%	53.60%	56.27%
	Fiscal Year Ending June 30,				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net pension liability	0.0163541361%	0.0163544827%	0.0166402069%	0.0168558478%	0.0165366807%
District's proportionate share of the net pension liability	\$ 2,666,932	\$ 1,937,434	\$ 2,511,236	\$ 2,441,464	\$ 2,247,012
District's covered employee payroll	\$ 1,149,857	\$ 1,225,100	\$ 1,290,216	\$ 1,316,556	\$ 1,407,115
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	231.94%	158.14%	194.64%	185.44%	159.69%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	70.33%	62.91%	65.23%	68.22%

BOROUGH OF DEMAREST 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
Contractually required contribution	\$ 147,658	\$ 135,182	\$ 142,539	\$ 157,021	\$ 157,425
Contributions in relation to the contractually required contribution	(147,658)	(135,182)	(142,539)	(157,021)	(157,425)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 979,710	\$ 1,037,302	\$ 1,070,343	\$ 1,150,603	\$ 1,149,857
Contributions as a percentage of covered employee payroll	15.07%	13.03%	13.32%	13.65%	13.69%

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
Contractually required contribution	\$ 178,906	\$ 191,530	\$ 209,841	\$ 225,283	\$ 225,020
Contributions in relation to the contractually required contribution	(178,906)	(191,530)	(209,841)	(225,283)	(225,020)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 1,225,100	\$ 1,290,216	\$ 1,316,556	\$ 1,407,115	\$ 1,563,264
Contributions as a percentage of covered employee payroll	14.60%	14.84%	15.94%	16.01%	14.39%

BOROUGH OF DEMAREST SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0538946123%	0.0526964833%	0.0516118696%	0.0507066748%	0.0507066748%
State's proportionate share of the net pension liability attributable to the District	\$ 34,063,696	\$ 41,454,409	\$ 34,798,584	\$ 32,258,497	\$ 33,358,597
District's covered employee payroll	\$ 5,266,327	\$ 5,373,803	\$ 5,418,786	\$ 5,881,725	\$ 6,396,888
State's proportionate share of the net pension liability associated with the District as a percentage of its covered employee payroll	646.82%	771.42%	642.18%	548.45%	521.48%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	22.33%	25.41%	26.49%	26.95%
Fiscal Year Ending June 30,					
	2021	2022	2023	2024	2025
State's proportion of the net pension liability attributable to the District	0.0564381995%	0.0581053665%	0.0591175041%	0.0593904601%	0.0617662916%
State's proportionate share of the net pension liability attributable to the District	\$ 37,163,875	\$ 27,934,265	\$ 30,501,331	\$ 30,308,537	\$ 30,528,055
District's covered employee payroll	\$ 6,620,281	\$ 6,809,938	\$ 7,186,165	\$ 7,301,698	\$ 7,855,654
State's proportionate share of the net pension liability associated with the District as a percentage of its covered employee payroll	561.36%	410.20%	424.45%	415.09%	388.61%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	35.52%	32.29%	34.68%	37.99%

BOROUGH OF DEMAREST 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
Contractually required contribution	\$ 2,079,895	\$ 3,114,722	\$ 2,410,670	\$ 1,880,558	\$ 1,967,579
Contributions in relation to the contractually required contribution	(421,909)	(560,233)	(764,852)	(1,091,423)	(1,237,906)
Contribution deficiency/(excess)	<u>\$ 1,657,986</u>	<u>\$ 2,554,489</u>	<u>\$ 1,645,818</u>	<u>\$ 789,135</u>	<u>\$ 729,673</u>
District's covered employee payroll	\$ 5,373,803	\$ 5,418,786	\$ 5,881,725	\$ 6,396,888	\$ 6,620,281
Contributions as a percentage of covered employee payroll	7.85%	10.34%	13.00%	17.06%	18.70%
	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
Contractually required contribution	\$ 2,311,008	\$ 657,306	\$ 820,876	\$ 744,593	\$ (111,362)
Contributions in relation to the contractually required contribution	(1,689,053)	(2,433,664)	(2,427,917)	(2,632,068)	(2,536,388)
Contribution deficiency/(excess)	<u>\$ 621,955</u>	<u>\$ (1,776,358)</u>	<u>\$ (1,607,041)</u>	<u>\$ (1,887,475)</u>	<u>\$ (2,647,750)</u>
District's covered employee payroll	\$ 6,809,938	\$ 7,186,165	\$ 7,301,698	\$ 7,855,654	\$ 8,296,509
Contributions as a percentage of covered employee payroll	24.80%	33.87%	33.25%	33.51%	30.57%

BOROUGH OF DEMAREST SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
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

	<u>Fiscal Year Ending June 30,</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability					
Service Cost	\$ 1,216,757	\$ 1,005,021	\$ 896,344	\$ 987,403	\$ 1,758,400
Interest Cost	784,665	910,877	849,212	716,985	728,953
Changes in Benefit Terms					(29,909)
Differences Between Expected and Actual Experience		(2,289,048)	(3,021,017)	5,571,466	(6,248,922)
Changes in Assumptions	(3,327,691)	(2,448,728)	294,760	5,921,966	27,723
Member Contributions	21,076	19,721	17,989	17,107	18,636
Gross Benefit Payments	<u>(572,371)</u>	<u>(570,590)</u>	<u>(606,855)</u>	<u>(564,400)</u>	<u>(574,211)</u>
Net Change in Total OPEB Liability	(1,877,564)	(3,372,747)	(1,569,567)	12,650,527	(4,319,330)
Total OPEB Liability - Beginning	<u>26,589,057</u>	<u>24,711,493</u>	<u>21,338,746</u>	<u>19,769,179</u>	<u>32,419,706</u>
Total OPEB Liability - Ending	<u>\$ 24,711,493</u>	<u>\$ 21,338,746</u>	<u>\$ 19,769,179</u>	<u>\$ 32,419,706</u>	<u>\$ 28,100,376</u>
District's Covered Employee Payroll *	\$ 6,285,408	\$ 6,353,513	\$ 6,456,088	\$ 6,952,068	\$ 7,547,491
Total OPEB Liability as a Percentage of Covered Employee Payroll	25.44%	29.77%	32.66%	21.44%	26.86%
 Total OPEB Liability					
	<u>Fiscal Year Ending June 30,</u>				
	<u>2022</u>	<u>2023</u>	<u>2024</u>		
Total OPEB Liability					
Service Cost	\$ 1,475,146	\$ 1,164,936	\$ 1,226,181		
Interest Cost	642,928	922,867	988,805		
Differences Between Expected and Actual Experience	1,166,459	498,535	101,953		
Changes in Assumptions	(6,508,076)	52,816	2,247,299		
Member Contributions	20,430	23,650	25,858		
Gross Benefit Payments	<u>(636,839)</u>	<u>(719,390)</u>	<u>(755,166)</u>		
Net Change in Total OPEB Liability	(3,839,952)	1,943,414	3,834,930		
Total OPEB Liability - Beginning	<u>28,100,376</u>	<u>24,260,424</u>	<u>26,203,838</u>		
Total OPEB Liability - Ending	<u>\$ 24,260,424</u>	<u>\$ 26,203,838</u>	<u>\$ 30,038,768</u>		
District's Covered Employee Payroll *	\$ 7,770,138	\$ 8,035,038	\$ 8,476,381		
Total OPEB Liability as a Percentage of Covered Employee Payroll	32.03%	30.66%	28.22%		

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

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

BOROUGH OF DEMAREST 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, 2023 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2022 actuarial valuation the salary increases were 2.75% – 4.25% based on years of service.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN 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

BOROUGH OF DEMAREST 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	\$ 17,390,952		\$ 17,390,952	\$ 17,390,952	\$ 35,255
Tuition From Individuals	636,000		636,000	671,255	
Tuition From Other LEAs Within the State	85,791		85,791	90,771	4,980
Unrestricted Miscellaneous Revenues	81,077		81,077	236,602	155,525
Interest Earned on Capital Reserve Funds	2,000		2,000	163,066	161,066
Total Revenues from Local Sources	18,195,820		18,195,820	18,552,646	356,826
 Revenues from State Sources:					
Extraordinary Special Education Costs			216,290	216,290	
Nonpublic School Transportation Costs			11,267	11,267	
Categorical Transportation Aid	49,777		49,777	49,777	
Categorical Special Education Aid	842,549		842,549	842,549	
Categorical Security Aid	69,584		69,584	69,584	
TPAF Post Retirement Contributions (Non-Budgeted)			750,315	750,315	
TPAF Pension Contributions (Non-Budgeted)			2,536,388	2,536,388	
TPAF Non-Contributory Insurance (Non-Budgeted)			31,419	31,419	
TPAF Long-Term Disability Insurance (Non-Budgeted)			1,244	1,244	
Reimbursed TPAF Social Security Contributions			589,876	589,876	
Total Revenues from State Sources	961,910		961,910	5,098,709	4,136,799
TOTAL REVENUE	19,157,730		19,157,730	23,651,355	4,493,625

BOROUGH OF DEMAREST 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	\$ 484,839		\$ 484,839	\$ 483,053	\$ 1,786
Kindergarten - Salaries of Teachers	427,850		427,850	406,718	21,132
Grades 1-5 - Salaries of Teachers	2,227,446		2,227,446	2,219,641	7,805
Grades 6-8 - Salaries of Teachers	1,778,222		1,778,222	1,740,206	38,016
Salaries of Teachers	4,000		4,000	4,000	4,000
Purchased Professional-Educational Services	1,500		1,500	1,500	1,500
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	257,016	\$ (19,517)	237,499	235,120	2,379
Purchased Technical Services	78,355	17,279	95,634	95,634	
Other Purchased Services (400-500 series)	134,692	(345)	134,347	134,106	241
General Supplies	324,050	(24,516)	299,534	236,817	62,717
Textbooks	44,943	1,506	46,449	45,550	899
Other Objects	6,880	299	7,179	5,685	1,494
Total Regular Programs - Instruction	<u>5,769,793</u>	<u>(25,294)</u>	<u>5,744,499</u>	<u>5,602,530</u>	<u>141,969</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	119,811	31,357	151,168	151,168	
Other Salaries for Instruction	41,152	(455)	40,697	31,191	9,506
General Supplies	2,550	265	2,815	2,724	91
Total Learning and/or Language Disabilities	<u>163,513</u>	<u>31,167</u>	<u>194,680</u>	<u>185,083</u>	<u>9,597</u>
Behavioral Disabilities:					
Salaries of Teachers	135,622		135,622	107,843	27,779
General Supplies	1,000		1,000	498	502
Total Behavioral Disabilities	<u>136,622</u>		<u>136,622</u>	<u>108,341</u>	<u>28,281</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,138,905	(36,544)	1,102,361	988,115	114,246
Other Salaries for Instruction	239,429	3,482	242,911	223,379	19,532
Unused Vacation Payment to Terminated/Retired Staff			2,210	2,210	
General Supplies	12,987	(50)	12,937	12,391	546
Other Objects	100		100	100	100
Total Resource Room/Resource Center	<u>1,391,421</u>	<u>(30,902)</u>	<u>1,360,519</u>	<u>1,226,095</u>	<u>134,424</u>

BOROUGH OF DEMAREST 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
Home Instruction:					
Salaries of Teachers	\$ 3,000		\$ 3,000		\$ 3,000
Total Home Instruction	<u>3,000</u>		<u>3,000</u>		<u>3,000</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,694,556	\$ 265	1,694,821	\$ 1,519,519	175,302
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	236,327	(10,480)	225,846	162,635	63,211
Other Purchased Services (400-500 series)	2,643	50	50	36	14
General Supplies	150	(398)	2,245	1,942	303
Other Objects		348	498	498	
Total Basic Skills/Remedial - Instruction	<u>239,120</u>	<u>(10,481)</u>	<u>228,639</u>	<u>165,111</u>	<u>63,528</u>
Bilingual Education - Instruction:					
Salaries of Teachers	129,611	10,481	140,092	140,092	
Other Purchased Services (400-500 series)	250		250		250
General Supplies	5,128	169	5,297	4,976	321
Other Objects	130		130	130	
Total Bilingual Education - Instruction	<u>135,119</u>	<u>10,650</u>	<u>145,769</u>	<u>145,198</u>	<u>571</u>
School-Sponsored Cocurricular & Extracurricular Activities - Instruction:					
Salaries	98,752	8,466	107,218	107,218	
Supplies and Materials	2,000	(1,765)	235		235
Other Objects		1,882	1,882		1,882
Total School-Sponsored Cocurricular & Extracurricular Activities - Instruction	<u>100,752</u>	<u>8,583</u>	<u>109,335</u>	<u>109,335</u>	<u>571</u>
School-Sponsored Athletics - Instruction:					
Salaries	16,729		16,729	16,729	
Purchased Services (300-500 series)	5,000		5,000	5,000	
Supplies and Materials	4,500	(117)	4,383	3,666	717
Other Objects	1,000		1,000		1,000
Total School-Sponsored Athletics - Instruction	<u>27,229</u>	<u>(117)</u>	<u>27,112</u>	<u>25,395</u>	<u>1,717</u>

BOROUGH OF DEMAREST 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
Community Services Programs/Operations:					
Salaries	\$ 45,318	\$ 11,305	\$ 56,623	\$ 56,623	\$ 905
Purchased Services (300-500 series)	6,400		6,400	5,495	
Total Community Services Programs/Operations	<u>51,718</u>	<u>11,305</u>	<u>63,023</u>	<u>62,118</u>	<u>905</u>
TOTAL INSTRUCTION	<u>8,018,287</u>	<u>(5,089)</u>	<u>8,013,198</u>	<u>7,629,206</u>	<u>383,992</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	308,661	308,661	7,700	300,961	
Tuition to CSSD & Regular Day Schools	77,183	77,183	8,225	68,958	
Tuition to Private School for the Handicapped Within State	319,724	319,724	267,399	52,325	
Total Undistributed Expenditures - Instruction	<u>705,568</u>	<u>705,568</u>	<u>283,324</u>	<u>422,244</u>	<u>4,802</u>
Undistributed Expenditures - Attendance & Social Work:					
Salaries	45,843	3,906	49,749	47,593	2,156
Purchased Professional and Technical Services	14,241	574	14,814	12,168	2,646
Total Undistributed Expenditures - Attendance and Social Work	<u>60,084</u>	<u>4,479</u>	<u>64,563</u>	<u>59,761</u>	<u>4,802</u>
Undistributed Expenditures - Health Services:					
Salaries	271,707	(13,770)	257,937	257,937	
Purchased Professional and Technical Services	5,525	11,694	17,218	17,122	96
Supplies and Materials	7,200	3,408	10,608	10,608	
Total Undistributed Expenditures - Health Services	<u>284,432</u>	<u>1,331</u>	<u>285,763</u>	<u>285,667</u>	<u>96</u>
Undistributed Expenditures - Speech, OT, PT, Related Services:					
Salaries	358,767	(54,674)	304,093	301,318	2,775
Purchased Professional - Educational Services	191,950	46,209	238,158	237,280	878
Supplies and Materials	13,163	(265)	12,898	8,172	4,726
Other Objects	2,598		2,598	2,069	529
Total Undistributed Expenditures - Speech, OT, PT, Related Services	<u>566,478</u>	<u>(8,731)</u>	<u>557,747</u>	<u>548,839</u>	<u>8,908</u>

BOROUGH OF DEMAREST 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-Other Support Services Students-Extracurricular Services:					
Salaries	\$ 187,315		\$ 187,315	\$ 114,665	\$ 72,650
Purchased Professional - Educational Services	149,048		149,048	135,151	13,897
Total Undistributed Expenditures - Other Support Services Students - Extracurricular Services	336,363		336,363	249,816	86,547
Undistributed Expenditures-Child Study Team:					
Salaries of Other Professional Staff	253,790		253,790	253,790	
Salaries of Secretarial and Clerical Assistants	30,825		30,825	30,825	
Other Purchased Professional and Technical Services	15,148	\$ 1,053	16,201	16,201	
Other Purchased Services (400-500 series)	100	10	110	98	12
Supplies and Materials	975	500	1,475	1,378	97
Other Objects	550	(10)	540	359	181
Total Undist Expenditures - Child Study Team	301,388		302,941	302,651	290
Undistributed Expenditures-Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	385,601		385,601	319,584	66,017
Salaries of Other Professional Staff	55,075		55,075	55,075	
Salaries of Secretarial and Clerical Assistants	22,250		22,250	22,250	
Other Salaries	180,004	(517)	179,487	114,392	65,095
Purchased Professional - Educational Services	10,146	(1,250)	8,896	8,496	400
Other Purchased Professional and Technical Services	2,566	599	3,165	2,671	494
Other Purchased Services (400-500 series)	6,300	3,079	9,379	9,332	47
Supplies and Materials	5,110	(3,480)	1,630	1,465	165
Other Objects	667,052	(1,569)	665,483	511,015	154,468
Total Undist Expenditures - Improvement of Instruction Services	271,786		(12,772)	259,014	197,324
					61,690

BOROUGH OF DEMAREST 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-Educational Media Services/School Library:					
Salaries	\$ 94,446	\$ 129	\$ 94,575	\$ 94,575	
Salaries of Technology Coordinators	80,503	4,577	85,080	85,080	
Purchased Professional and Technical Services	2,300		2,300	2,226	\$ 74
Other Purchased Services (400-500 series)	200		200		200
Supplies and Materials	3,700	(129)	3,571	3,505	66
Other Objects	85		85	80	5
Total Undist Expend-Educational Media Services/School Library	181,234	4,577	185,811	185,466	345
Undistributed Expenditures-Instructional Staff Training Services:					
Other Salaries	3,000		3,000	650	2,350
Purchased Professional - Educational Service	29,006	300	29,306	13,815	15,491
Other Purchased Services (400-500 series)	6,400	125	6,525	1,230	5,295
Supplies and Materials	1,150		1,150		1,150
Total Undistributed Expenditures-Instructional Staff Training Services	39,556	425	39,981	15,695	24,286
Undistributed Expenditures-Support Services-General Administration:					
Salaries	338,452	606	339,058	339,058	
Legal Services	40,000		40,000	34,953	5,047
Audit Fees	31,500	639	32,139	32,139	
Architectural/Engineering Services	95,750	(8,357)	87,393	13,770	73,623
Other Purchased Professional Services	11,075	7,428	18,503	18,503	
Communications - Telephone	40,350		40,350	35,861	4,489
BOE Other Purchased Services	14,900		14,900	7,708	7,192
Other Purchased Services (400-500 series other than 520 & 585)	6,000	(250)	5,750		5,750
General Supplies	8,000		8,000	2,338	5,662
BOE In-house training/ Meeting Supplies	500		500	279	221
Judgments Against The School District	20,000		20,000		20,000
Miscellaneous Expenditures	2,500	(66)	2,434	2,275	159
BOE Membership Dues and Fees	7,984		7,984	7,938	46
Total Undistributed Expenditures-Support Services-General Administration	617,011		617,011	494,822	122,189

BOROUGH OF DEMAREST 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-Support Services-School Administration:					
Salaries of Principals/Assistant Principals/Program Director	\$ 339,823	\$ 18,435	\$ 339,823	\$ 338,715	\$ 1,108
Salaries of Secretarial and Clerical Assistants	123,298	(300)	141,733	141,733	
Other Purchased Services (400-500 series)	9,551	2,544	9,251	5,628	3,623
Supplies and Materials	41,545	300	42,611	33,890	8,721
Other Objects	3,000		3,300	3,235	65
Total Undistributed Expenditures-Support Services-School Administration	517,217	19,501	536,718	523,201	13,517
Undistributed Expenditures - Central Services:					
Salaries	345,441	(2,683)	342,758	332,055	10,703
Miscellaneous Purchased Services (400-500 series other than 594)	43,100	4,809	47,909	47,858	51
Supplies and Materials	6,500	(4,930)	1,570	1,115	455
Other Objects	3,495	126	3,621	3,621	
Total Undistributed Expenditures - Central Services	398,536	(2,679)	395,857	384,649	11,208
Undistributed Expenditures - Administration Information Technology:					
Purchased Technical Services	15,935	(1,242)	14,693	13,150	1,543
Other Purchased Services (400-500 series)		1,242	1,242	1,241	1
Supplies and Materials	15,000	(9,243)	5,757	518	5,239
Total Undistributed Expenditures - Administration Information Technology	30,935	(9,243)	21,692	14,909	6,783
Undistributed Expenditures-Required Maintenance for School Facilities:					
Salaries	174,747	1,040	175,787	175,786	1
Other Purchased Professional Services	750	5,676	6,426	6,426	
Cleaning, Repair, and Maintenance Services	343,844	(67,132)	275,712	275,118	1,594
General Supplies	122,150	(41,206)	80,944	76,532	4,412
Other Objects	132,271		132,271	130,965	1,306
Total Undistributed Expenditures- Required Maintenance for School Facilities	773,762	(101,622)	672,140	664,827	7,313

BOROUGH OF DEMAREST 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-Custodial Services:					
Salaries of Non-Instructional Aides	\$ 36,889	\$ (4,318)	\$ 32,571	\$ 32,571	
Salaries-Governance Staff (BOE Direct Reports Only)	50,000	(23,711)	26,289	26,289	
Other Salaries	438,060	31,391	469,451	469,451	
Cleaning, Repair, and Maintenance Services	19,000	19,000	6,712	\$ 12,288	
Rental of Land & Bldg. Other than Lease Pur. Agmnt.	7,188	7,188	2,067	5,121	
Other Purchased Property Services	46,000	46,000	19,667	26,333	
Insurance	220,410	7,425	227,835	227,835	
General Supplies	96,000	(68,224)	27,776	24,268	
Energy (Natural Gas)	100,000	3,250	103,250	103,250	
Energy (Electricity)	170,000	26,254	196,254	196,254	
Energy (Gasoline)	8,000	8,000	5,143	2,857	
Other Objects	5,000	5,000	320	4,680	
Total Undistributed Expenditures-Custodial Services	<u>1,196,547</u>	<u>(27,933)</u>	<u>1,168,614</u>	<u>1,113,827</u>	<u>54,787</u>
Care and Upkeep of Grounds:					
Salaries	72,199	72,199	71,983	216	
Cleaning, Repair, and Maintenance Services	53,700	109,735	163,435	110,342	
General Supplies	12,000	12,000	10,638	10,638	
Total Care And Upkeep Of Grounds	<u>137,899</u>	<u>109,735</u>	<u>247,634</u>	<u>192,963</u>	<u>54,671</u>
Security:					
Salaries	9,000	5,000	14,000	13,184	816
Cleaning, Repair, and Maintenance Services	53,700	46,939	100,639	58,966	41,673
General Supplies	12,000	77,515	89,515	89,515	
Total Security	<u>74,700</u>	<u>129,454</u>	<u>204,154</u>	<u>161,665</u>	<u>42,489</u>
Total Undistributed Expenditures-Operations And Maintenance Of Plant Services	<u>2,182,908</u>	<u>109,634</u>	<u>2,292,542</u>	<u>2,133,282</u>	<u>159,260</u>

BOROUGH OF DEMAREST 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-Student Transportation Services:					
Sal. for Pupil Trans. (Between Home and School)-Regular	\$ 14,843	\$ 907	\$ 14,843	\$ 14,843	
Sal. for Pupil Trans. (Other than Between Home & School)	5,000	(500)	5,907	5,907	
1,700	426	1,200	916	916	\$ 284
Other Purchased Professional and Technical Services	10,000	25,000	10,426	9,243	1,183
Cleaning, Repair, and Maintenance Services	25,000	5,900	25,000	21,186	3,814
Contract. Services - Aid in Lieu of Payments-Nonpublic Students	5,900	(408)	5,900	475	5,425
Contract. Services(Other than Between Home & School)-Vendors	15,000	200,000	14,592	9,007	5,585
Contract. Services(Between Home & School)-Joint Agreements	200,000	(1,256)	200,000	127,882	72,118
Contract. Services(Special Education Students)-Joint Agreements	2,000	831	744	744	
General Supplies	1,000		1,831	1,831	
Other Objects			280,443	191,290	89,153
Total Undistributed Expenditures-Student Transportation Services	<u>280,443</u>		<u>280,443</u>	<u>191,290</u>	<u>89,153</u>
UNALLOCATED BENEFITS					
Social Security Contributions	215,000		215,000	201,192	13,808
Other Retirement Contributions - PERS	251,655	(6,170)	245,485	225,020	20,465
Other Retirement Contributions - Regular	32,000		32,000	17,908	14,092
Unemployment Compensation	45,000		45,000	36,459	8,541
Workers Compensation	75,000	6,170	81,170	81,170	
Health Benefits	3,140,884	(53,775)	3,087,109	2,780,409	306,700
Tuition Reimbursement	3,000		3,000	2,000	1,000
Other Employee Benefits	82,850	48,718	131,568	131,419	149
Unused Sick Payment to Terminated/Retired Staff	4,500	5,057	9,557	9,557	
TOTAL UNALLOCATED BENEFITS	<u>3,849,889</u>		<u>3,849,889</u>	<u>3,485,134</u>	<u>364,755</u>
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)	750,315		750,315	(750,315)	
TPAF Pension Contributions (Non-Budgeted)	2,536,388		2,536,388	(2,536,388)	
TPAF Non-Contributory Insurance (Non-Budgeted)	31,419		31,419	(31,419)	
TPAF Long-Term Disability Insurance (Non-Budgeted)	1,244		1,244	(1,244)	
Reimbursed TPAF Social Security Contributions			589,876	(589,876)	
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			<u>3,909,242</u>	<u>(3,909,242)</u>	

BOROUGH OF DEMAREST 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 PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>\$ 3,849,889</u>		<u>\$ 3,849,889</u>	<u>\$ 7,394,376</u>	<u>\$ (3,544,487)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>11,290,880</u>	<u>\$ 106,506</u>	<u>11,397,386</u>	<u>13,776,087</u>	<u>(2,378,701)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>19,309,167</u>	<u>101,417</u>	<u>19,410,584</u>	<u>21,405,293</u>	<u>(1,994,709)</u>
 CAPITAL OUTLAY					
Equipment:					
Grades 1-5					
Undistributed Expenditures - Required Maintenance for School Facilities					
Undistributed Expenditures - Security					
Total Equipment			<u>12,203</u>	<u>12,203</u>	<u>12,203</u>
 Facilities Acquisition and Construction Services:					
Lease Purchase Agreements - Principal					
Assessment for Debt Service on SDA Funding					
Total Facilities Acquisition and Construction Services					
TOTAL CAPITAL OUTLAY					
TOTAL EXPENDITURES	<u>20,418,169</u>	<u>100,000</u>	<u>20,518,169</u>	<u>22,512,878</u>	<u>(1,994,709)</u>

BOROUGH OF DEMAREST 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
Excess/(Deficit) of Revenues Over/(Under) Expenditures					
Other Financing Sources/(Uses):					
Transfers In - Capital Projects Fund:					
Interest Earned	\$ (1,260,439)	\$ (100,000)	\$ (1,360,439)	\$ 1,138,477	\$ 2,498,916
Capital Reserve - Transfer to Capital Projects Fund					
Total Other Financing Sources/(Uses)					
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses					
Fund Balance, July 1					
Fund Balance, June 30					
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2026-2027				\$ 400,000	\$ 400,000
Excess Surplus - Restricted For 2025-2026				600,000	600,000
Capital Reserve				4,901,879	4,901,879
Maintenance Reserve				300,000	300,000
Assigned Fund Balance:					
Year End Encumbrances					30,233
Designated for Subsequent Year's Expenditures					135,949
Unsigned Fund Balance					643,630
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)					

Reconciliation to Governmental Funds Statement (GAAP):
Last State Aid Payments not Recognized on GAAP basis

Fund Balance per Governmental Funds (GAAP)

BOROUGH OF DEMAREST 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	\$ 7,800	\$ 231,476	\$ 239,276	\$ 223,606	\$ (15,670)
State Sources	143,816	2,091	145,907	133,618	(12,289)
Federal Sources	183,701	278,447	462,148	452,664	(9,484)
Total Revenues	335,317	512,014	847,331	809,888	(37,443)
EXPENDITURES:					
Instruction:					
Purchased Professional and Technical Services	5,120	(5,026)	94	94	
Purchased Professional and Educational Services	16,567	39,903	56,470	44,191	12,279
Tuition	162,159	33,540	195,699	195,699	
General Supplies	19,684	73,902	93,586	74,741	18,845
Textbooks	3,642	(369)	3,273	3,273	
Total Instruction	207,172	141,950	349,122	317,998	31,124
Support Services:					
Purchased Professional and Technical Services	16,455	30,499	30,499	30,499	
Purchased Professional and Educational Services		12,277	28,732	19,248	9,484
Other Purchased Services		234	234	234	
Supplies and Materials	170	5,882	6,052	6,052	
Student Activities		158,821	158,821	158,821	
Total Support Services	16,625	207,713	224,338	214,854	9,484
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment					
Buildings					
Total Facilities Acquisition and Construction Services	111,520	(5,125)	106,395	106,386	9
		167,476	167,476	167,476	
Total Expenditures	111,520	162,351	273,871	273,862	9
Excess of Revenue Over Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 3,174	\$ 3,174

BOROUGH OF DEMAREST 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

Sources/Inflows of Resources:

	General Fund	Special Revenue Fund
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 23,651,355	\$ 809,888
Difference - Budget to GAAP:		
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes.	74,317	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	(92,471)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 23,633,201</u>	<u>\$ 809,888</u>

Uses/Outflows of Resources:

Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 22,512,878	\$ 806,714
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 22,512,878</u>	<u>\$ 806,714</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 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 in student activities. 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

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

		Consortium				
		Elementary and Secondary Education Act				
		Title II, Part A	Title III	Immigrant	Title IV	I.D.E.A. Part B, Preschool
REVENUES:						
Local Sources	\$ 5,790	\$ 5,927	\$ 4,708	\$ 5,740	\$ 187,387	\$ 11,500
State Sources						
Federal Sources						
Total Revenues	<u>5,790</u>	<u>5,927</u>	<u>4,708</u>	<u>5,740</u>	<u>187,387</u>	<u>11,500</u>
EXPENDITURES:						
Instruction:						
Purchased Professional and Technical Services						
Purchased Professional-Educational Services						
Tuition						
General Supplies	5,400	4,500	5,625			
Textbooks						
Total Instruction	<u>5,400</u>	<u>4,594</u>	<u>5,625</u>	<u>184,199</u>	<u>11,500</u>	
Support Services:						
Purchased Professional and Technical Services						
Purchased Professional-Educational Services						
Other Purchased Services						
Supplies and Materials						
Student Activities						
Total Support Services	<u>5,790</u>	<u>527</u>	<u>114</u>	<u>115</u>	<u>3,188</u>	
Facilities Acquisition and Construction Services:						
Non-Instructional Equipment						
Buildings						
Total Facilities Acquisition and Construction Services	<u>\$ 5,790</u>	<u>\$ 5,927</u>	<u>\$ 4,708</u>	<u>\$ 5,740</u>	<u>\$ 187,387</u>	<u>\$ 11,500</u>
Total Expenditures						

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

	Nonpublic Handicapped Services			Nonpublic		
	Examination and Classification	Supplementary Instruction	Corrective Speech	Textbooks	Nursing	Technology
REVENUES:						
Local Sources	\$ 3,986	\$ 4,708	\$ 1,860	\$ 3,273	\$ 10,270	\$ 3,135
State Sources						
Federal Sources						
Total Revenues	<u>3,986</u>	<u>4,708</u>	<u>1,860</u>	<u>3,273</u>	<u>10,270</u>	<u>3,135</u>
EXPENDITURES:						
Instruction:						
Purchased Professional and Technical Services	3,986	4,708	1,860			
Purchased Professional-Educational Services						
Tuition						
General Supplies						
Textbooks						
Total Instruction	<u>3,986</u>	<u>4,708</u>	<u>1,860</u>	<u>3,273</u>	<u>10,270</u>	<u>3,135</u>
Support Services:						
Purchased Professional and Technical Services						
Purchased Professional-Educational Services						
Other Purchased Services						
Supplies and Materials						
Student Activities						
Total Support Services						
Facilities Acquisition and Construction Services:						
Non-Instructional Equipment						
Buildings						
Total Facilities Acquisition and Construction Services	<u>\$ 3,986</u>	<u>\$ 4,708</u>	<u>\$ 1,860</u>	<u>\$ 3,273</u>	<u>\$ 10,270</u>	<u>\$ 3,135</u>
Total Expenditures						

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

COVID-19 - ARP							
	Accelerated Learning	Evidence-Based Coaching and Educator Support	Summer Learning and Enrichment Activities	Evidence-Based Comprehensive Beyond the School Day	ESSER III	Local Student Activities	Totals
REVENUES:							
Local Sources	\$ 106,386	\$ 30,499	\$ 16,116	\$ 17,521	\$ 167,476	\$ 61,611	\$ 223,606
State Sources							133,618
Federal Sources							452,664
Total Revenues	<u>106,386</u>	<u>30,499</u>	<u>16,116</u>	<u>17,521</u>	<u>167,476</u>	<u>61,611</u>	<u>809,888</u>
EXPENDITURES:							
Instruction:							
Purchased Professional and Technical Services			16,116	17,521			94
Purchased Professional-Educational Services							44,191
Tuition							195,699
General Supplies							74,741
Textbooks							3,273
Total Instruction			<u>16,116</u>	<u>17,521</u>		<u>56,081</u>	<u>317,998</u>
Support Services:							
Purchased Professional and Technical Services			30,499				30,499
Purchased Professional-Educational Services							19,248
Other Purchased Services							234
Supplies and Materials							6,052
Student Activities							158,821
Total Support Services			<u>30,499</u>			<u>5,530</u>	<u>158,821</u>
Facilities Acquisition and Construction Services:							
Non-Instructional Equipment	106,386						106,386
Buildings							167,476
Total Facilities Acquisition and Construction Services	<u>106,386</u>						<u>167,476</u>
Total Expenditures	<u>\$ 106,386</u>	<u>\$ 30,499</u>	<u>\$ 16,116</u>	<u>\$ 17,521</u>	<u>\$ 167,476</u>	<u>\$ 61,611</u>	<u>\$ 158,821</u>
							<u>\$ 806,714</u>

CAPITAL PROJECTS FUND

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

Revenue and Other Financing Sources:

Transfer from Capital Reserve	\$ 2,200,000
Investment Income	<u>146,972</u>
	<u>2,346,972</u>

Total Revenue and Other Financing Sources

Expenditures and Other Financing Uses:

Salaries	64,238
Purchased Professional and Technical Services	74,353
Construction Services	5,918,133
Equipment Purchases	4,856
Transfer to General Fund:	
Interest Earned	<u>146,972</u>

Total Expenditures and Other Financing Uses

Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses

Fund Balance - Beginning	<u>5,804,821</u>
Fund Balance - Ending	<u>\$ 1,943,241</u>

Recapitulation of Fund Balance at June 30, 2025:

Committed - Year-End Encumbrances	\$ 1,868,388
Committed	<u>74,853</u>
Fund Balance per Governmental Funds (Budgetary Basis)	<u>1,943,241</u>
Reconciliation to Governmental Funds Statement (GAAP):	
State Sources - SDA Grant not Recognized on GAAP Basis	<u>(749,062)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,194,179</u>

BOROUGH OF DEMAREST SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
DEMAREST MIDDLE SCHOOL GYM ADDITION
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Financed Purchase Proceeds	\$ 3,000,000		\$ 3,000,000	\$ 3,000,000
Transfer from Capital Reserve	3,000,000	\$ 1,800,000	4,800,000	4,800,000
Total Revenue and Other Financing Sources	<u>6,000,000</u>	<u>1,800,000</u>	<u>7,800,000</u>	<u>7,800,000</u>
Expenditures:				
Salaries		64,238	64,238	64,238
Purchased Professional & Technical Services	412,784	74,353	487,137	509,529
Construction Services	731,457	5,757,835	6,489,292	7,221,377
Equipment Purchases		4,856	4,856	4,856
Total Expenditures	<u>1,144,241</u>	<u>5,901,282</u>	<u>7,045,523</u>	<u>7,800,000</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 4,855,759</u>	<u>\$ (4,101,282)</u>	<u>\$ 754,477</u>	<u>\$ -0-</u>
Additional Project Information:				
Original Authorized Cost	\$ 6,000,000			
Additional Authorization	\$ 1,800,000			
Revised Authorized Cost	\$ 7,800,000			
Percentage Completion		90.33%		
Original Target Completion Date		8/31/2025		

BOROUGH OF DEMAREST SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
DEMAREST MIDDLE SCHOOL REPLACEMENT OF UNIT VENTILATORS AND BOILER PUMPS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 660,512		\$ 660,512	\$ 660,512
Transfer from Capital Reserve	100,000	\$ 300,000	400,000	990,768
Total Revenue and Other Financing Sources	<u>760,512</u>	<u>300,000</u>	<u>1,060,512</u>	<u>1,651,280</u>
Expenditures:				
Purchased Professional & Technical Services				62,000
Construction Services		160,298	160,298	1,589,280
Total Expenditures		<u>160,298</u>	<u>160,298</u>	<u>1,651,280</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>\$ 760,512</u>	<u>\$ 139,702</u>	<u>\$ 900,214</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	02-03-1070-040-23-R501			
Original Authorized Cost	\$ 1,651,280			
Percentage Completion	9.71%			
Original Target Completion Date	8/31/2025			

BOROUGH OF DEMAREST SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
LUTHER LEE EMERSON SCHOOL REPLACEMENT OF UNIT VENTILATORS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 88,550		\$ 88,550	\$ 88,550
Transfer from Capital Reserve	100,000	\$ 100,000	200,000	200,000
 Total Revenue and Other Financing Sources	 188,550	 100,000	 288,550	 288,550
Expenditures:				
Construction Services				288,550
 Total Expenditures	 188,550	 100,000	 288,550	 288,550
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	\$ 188,550	\$ 100,000	\$ 288,550	\$ -0-

Additional Project Information:

Project Number(s)	02-03-1070-050-23-R501
Original Authorized Cost	\$ 221,375
Additional Authorization	\$ 67,175
Revised Authorized Cost	\$ 288,550
Percentage Completion	0.00%
Original Target Completion Date	8/31/2025

PROPRIETARY FUNDS

BOROUGH OF DEMAREST SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 116,809
Receivables - Other	2,872
Inventory	<u>1,956</u>

Total Current Assets	<u>121,637</u>
----------------------	----------------

Non-Current Assets:

Capital Assets	121,767
Less: Accumulated Depreciation	<u>(61,614)</u>

Total Non-Current Assets	<u>60,153</u>
--------------------------	---------------

Total Assets	<u>181,790</u>
--------------	----------------

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	19,002
Unearned Revenue - Prepaid Sales	<u>22,913</u>

Total Current Liabilities	<u>41,915</u>
---------------------------	---------------

Total Liabilities	<u>41,915</u>
-------------------	---------------

NET POSITION:

Investment in Capital Assets	60,153
Unrestricted	<u>79,722</u>

Total Net Position	<u>\$ 139,875</u>
--------------------	-------------------

BOROUGH OF DEMAREST SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Operating Revenue:	
Daily Sales - Non-Reimbursable Programs	\$ 459,099
Total Operating Revenue	<u>459,099</u>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	212,916
Salaries, Payroll Taxes & Benefits	191,203
Purchased Property Services	4,733
Supplies and Materials	11,155
Miscellaneous Expenses	12,318
Depreciation Expense	<u>9,690</u>
Total Operating Expenses	<u>442,015</u>
Operating Income	<u>17,084</u>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	<u>5,152</u>
Total Non-Operating Revenue	<u>5,152</u>
Change in Net Position	22,236
Net Position- Beginning of Year	<u>117,639</u>
Net Position- End of Year	<u>\$ 139,875</u>

BOROUGH OF DEMAREST SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Cash Flows from Operating Activities:

Receipts from Customers	\$ 479,140
Payments to Employees	(147,398)
Payments to Food Service Vendor	(69,059)
Payments to Suppliers	<u>(197,739)</u>
Net Cash Provided by Operating Activities	<u>64,944</u>

Cash Flows from Investing Activities:

Interest Revenue	<u>5,152</u>
Net Cash Provided by Investing Activities	<u>5,152</u>

Cash Flows from Capital and Related Financing Activities:

Purchase of Capital Assets	<u>(10,968)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(10,968)</u>

Net Increase in Cash and Cash Equivalents

Cash and Cash Equivalents, July 1	<u>57,681</u>
Cash and Cash Equivalents, June 30	<u>\$ 116,809</u>

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities:	
Operating Income	\$ 17,084
Adjustment to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	9,690
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(2,872)
(Increase) in Inventory	(873)
Increase in Accounts Payable	19,002
Increase in Unearned Revenue - Prepaid Sales	<u>22,913</u>
Net Cash Provided by Operating Activities	<u>\$ 64,944</u>

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

BOROUGH OF DEMAREST SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Outstanding		Interest Rate	Balance June 30, 2024	Matured	Balance June 30, 2025
			Date	Amount				
Series 2016 Refunding School Bonds	12/20/2016	\$ 4,635,000	2/15/26 2/15/26	\$ 390,000 200,000	3.00% 5.00%	\$ 1,160,000	\$ 570,000	\$ 590,000
						\$ 1,160,000	\$ 570,000	\$ 590,000

BOROUGH OF DEMAREST SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

Purpose	Original Issue	Maturities of Financed Purchases Obligations			Interest Rate	Balance June 30, 2024	Matured	Balance June 30, 2025
		Date	Amount					
Copiers - 2020	\$ 80,018						\$ 3,001	\$ 3,001
County Road School Improvements	2,710,000	10/01/25 04/01/26	\$ 300,000 300,000	0.93% 0.93%		1,190,000	590,000	\$ 600,000
Chromebooks	268,020	09/01/25 09/01/26	64,878 68,891	6.187% 6.187%		194,867	61,098	133,769
Demarest Middle School Gym Addition	3,000,000	08/01/25 02/01/26 08/01/26 02/01/27 08/01/27 02/01/28 08/01/28 02/01/29	285,000 285,000 304,691 311,288 318,027 324,913 331,947 339,134	4.33% 4.33% 4.33% 4.33% 4.33% 4.33% 4.33% 4.33%				
							<u>3,000,000</u>	<u>500,000</u>
							<u>\$ 4,387,868</u>	<u>\$ 1,154,099</u>
								<u>\$ 3,233,769</u>

BOROUGH OF DEMAREST 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	\$ 614,500		\$ 614,500	\$ 614,500	
Total Revenues	614,500		614,500	614,500	
EXPENDITURES:					
Regular Debt Service:					
Interest and Other Charges	44,500		44,500	44,500	
Redemption of Principal	570,000		570,000	570,000	
Total Regular Debt Service	614,500		614,500	614,500	
Total Expenditures	614,500		614,500	614,500	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	-0-	\$ -0-	-0-	-0-	\$ -0-
Fund Balance, July 1	-0-	-0-	-0-	-0-	-0-
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Exhibit

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

BOROUGH OF DEMAREST SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	June 30,				
	2016	2017	2018	2019	2020
Governmental Activities:					
Net Investment in Capital Assets	\$ 5,695,664	\$ 5,235,356	\$ 5,611,594	\$ 6,753,818	\$ 7,569,150
Restricted	3,693,356	3,741,727	3,941,212	4,401,846	5,479,024
Unrestricted/(Deficit)	(3,728,851)	(4,109,227)	(3,706,244)	(2,952,031)	(3,053,419)
Total governmental activities net position	<u><u>5,660,169</u></u>	<u><u>4,867,856</u></u>	<u><u>5,846,562</u></u>	<u><u>8,203,633</u></u>	<u><u>9,994,755</u></u>
Business-type activities:					
Investment in Capital Assets	3,385			5,956	5,294
Unrestricted	8,707	9,938	2,493	12,637	13,883
Total business-type activities net position	<u><u>12,092</u></u>	<u><u>9,938</u></u>	<u><u>2,493</u></u>	<u><u>18,593</u></u>	<u><u>19,177</u></u>
District-wide:					
Net Investment in Capital Assets	5,699,049	5,235,356	5,611,594	6,759,774	7,574,444
Restricted	3,693,356	3,741,727	3,941,212	4,401,846	5,479,024
Unrestricted/(Deficit)	(3,720,144)	(4,099,289)	(3,703,751)	(2,939,394)	(3,039,536)
Total district net position	<u><u>\$ 5,672,261</u></u>	<u><u>\$ 4,877,794</u></u>	<u><u>\$ 5,849,055</u></u>	<u><u>\$ 8,222,226</u></u>	<u><u>\$ 10,013,932</u></u>
	2021	2022	2023	2024	2025
Governmental Activities:					
Net Investment in Capital Assets	\$ 8,301,061	\$ 6,116,746	\$ 7,975,571	\$ 6,564,351	\$ 13,854,433
Restricted	6,806,788	6,805,403	8,077,033	7,072,174	6,289,347
Unrestricted/(Deficit)	(2,983,110)	(1,333,829)	(1,838,249)	2,968,887	(833,720)
Total governmental activities net position	<u><u>12,124,739</u></u>	<u><u>11,588,320</u></u>	<u><u>14,214,355</u></u>	<u><u>16,605,412</u></u>	<u><u>19,310,060</u></u>
Business-type activities:					
Investment in Capital Assets	4,632	3,970	30,756	58,875	60,153
Unrestricted	13,201	23,278	56,732	58,764	79,722
Total business-type activities net position	<u><u>17,833</u></u>	<u><u>27,248</u></u>	<u><u>87,488</u></u>	<u><u>117,639</u></u>	<u><u>139,875</u></u>
District-wide:					
Net Investment in Capital Assets	8,305,693	6,120,716	8,006,327	6,623,226	13,914,586
Restricted	6,806,788	6,805,403	8,077,033	7,072,174	6,289,347
Unrestricted/(Deficit)	(2,969,909)	(1,310,551)	(1,781,517)	3,027,651	(753,998)
Total district net position	<u><u>\$ 12,142,572</u></u>	<u><u>\$ 11,615,568</u></u>	<u><u>\$ 14,301,843</u></u>	<u><u>\$ 16,723,051</u></u>	<u><u>\$ 19,449,935</u></u>

Source: Borough of Demarest School District Financial Reports.

BOROUGH OF DEMAREST SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrua Basis of Accounting)

	Fiscal Year Ending June 30,					
	2016	2017	2018	2019	2020	2021
Expenses						
Governmental Activities						
Instruction:						
Regular Instruction	\$ 6,711,586	\$ 7,808,370	\$ 8,630,694	\$ 8,224,315	\$ 8,377,440	\$ 8,230,717
Special Education Instruction	1,776,739	1,972,054	2,082,278	1,966,677	1,941,917	1,988,201
Other Special Instruction	662,008	853,649	778,100	690,758	706,356	715,631
School Sponsored Instruction	89,975	93,946	99,659	101,690	110,898	28,843
Support Services:						
Tuition	919,560	902,318	782,181	776,407	692,435	481,740
Student and Instruction Related Services	2,807,213	2,748,484	3,133,130	2,993,554	2,981,731	3,300,434
General and Business Administrative Services	452,223	583,391	980,488	326,854	567,226	498,940
School Adminstrative Services	614,822	694,230	727,067	706,029	719,546	719,394
Central Services	383,154	437,588	417,457	425,035	422,525	419,460
Plant Operations and Maintenance	1,270,339	1,451,098	1,342,596	1,316,573	1,358,116	1,483,344
Pupil Transportation	161,759	150,580	150,172	158,973	160,594	99,325
Capital Outlay	36,233	31,030	78,345	382,959	114,665	95,565
Interest on Long-term Debt	231,083		198,510	128,003	179,532	219,207
Total Governmental Activities Expenses	<u>16,116,694</u>	<u>17,756,738</u>	<u>19,400,677</u>	<u>18,197,827</u>	<u>18,312,981</u>	<u>18,280,801</u>
Business-type Activities:						
Food Service	198,323	201,381	208,999	198,372	163,257	5,113
Total Business-type Activities Expenses	<u>198,323</u>	<u>201,381</u>	<u>208,999</u>	<u>198,372</u>	<u>163,257</u>	<u>233,449</u>
Total District-wide Expenses	<u>16,315,017</u>	<u>17,958,119</u>	<u>19,609,676</u>	<u>18,396,199</u>	<u>18,476,238</u>	<u>18,285,914</u>
Program Revenues						
Governmental Activities:						
Charges for Services:						
Instruction (Tuition)	37,587	135,051	441,899	473,183	483,449	358,350
Student & Instruction Related Services						50,636
Operating Grants and Contributions	3,704,309	4,823,201	5,259,102	4,175,882	4,365,885	4,428,967
Total Governmental Activities Program Revenues	<u>3,741,896</u>	<u>4,958,252</u>	<u>5,701,001</u>	<u>4,649,065</u>	<u>4,849,334</u>	<u>4,837,953</u>
Business-type Activities:						
Charges for Services						
Food Service	202,795	201,958	201,554	214,472	134,353	61
Total Business-type Activities Program Revenues	<u>202,795</u>	<u>201,958</u>	<u>201,554</u>	<u>214,472</u>	<u>134,353</u>	<u>217,413</u>
Total District-wide Program Revenues	<u>3,944,691</u>	<u>5,160,210</u>	<u>5,902,555</u>	<u>4,863,537</u>	<u>4,983,687</u>	<u>4,838,014</u>
Net (Expense)/Revenue						
Governmental Activities	(12,374,798)	(12,798,486)	(13,699,676)	(13,548,762)	(13,463,647)	(13,442,848)
Business-type Activities	4,472	577	(7,445)	16,100	(28,904)	(5,052)
Total District-wide Net Expense	<u>(12,370,326)</u>	<u>(12,797,909)</u>	<u>(13,707,121)</u>	<u>(13,532,662)</u>	<u>(13,492,551)</u>	<u>(13,447,900)</u>
Net (Expense)/Revenue						
Governmental Activities	(14,325,882)	(14,740,767)	(16,036)	(16,756,803)	(14,295,886)	(15,664,218)
Business-type Activities						
Total District-wide Net Expense						

BOROUGH OF DEMAREST SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)
(Continued)

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property Taxes, Levied for General Purposes	\$ 12,240,818	\$ 12,711,383	\$ 13,583,542	\$ 14,202,770	\$ 14,486,825
Property taxes, Levied for Debt Service	653,475	658,762	607,400	575,020	616,700
Investment Earnings	8,338	8,133	3,952	1,000	3,140
Miscellaneous Income	82,289	469,307	94,091	92,665	181,078
Financed Purchases Proceeds			1,030,000		
Transfers	(2,198)				
Total Governmental Activities	<u>13,102,597</u>	<u>13,460,772</u>	<u>14,678,382</u>	<u>15,905,833</u>	<u>15,167,702</u>
Business-type Activities:					
Investment Earnings					
Other Item	2,198				
Transfers	2,198				
Total Business-type Activities	<u>13,104,795</u>	<u>13,460,772</u>	<u>14,678,382</u>	<u>15,905,833</u>	<u>15,197,190</u>
Total District-wide General Revenues					
Change in Net Position:					
Governmental Activities	727,799	662,286	978,706	2,357,071	1,704,055
Business-type Activities	6,670	577	(7,445)	16,100	584
Total District-wide Change in Net Position	<u>\$ 734,469</u>	<u>\$ 662,863</u>	<u>\$ 971,261</u>	<u>\$ 2,373,171</u>	<u>\$ 1,704,639</u>

BOROUGH OF DEMAREST SCHOOL DISTRICT
FUND BALANCES -GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	June 30,				
	2016	2017	2018	2019	2020
General Fund :					
Restricted	\$ 3,693,355	\$ 3,701,043	\$ 3,906,732	\$ 4,401,846	\$ 5,388,275
Assigned	297,151	66,970	172,575	446,166	
Unassigned	247,294	251,137	468,572	452,948	488,800
Total General Fund	<u>\$ 4,237,800</u>	<u>\$ 3,952,180</u>	<u>\$ 4,442,274</u>	<u>\$ 5,027,369</u>	<u>\$ 6,323,241</u>
All Other Governmental Funds					
Restricted	1	34,480	34,480	87,067	
Committed		19,599		531,000	18,840
Total All Other Governmental Funds	<u>1</u>	<u>34,480</u>	<u>54,079</u>	<u>531,000</u>	<u>105,907</u>
Total Fund Balances	<u>\$ 4,237,801</u>	<u>\$ 3,986,660</u>	<u>\$ 4,496,353</u>	<u>\$ 5,558,369</u>	<u>\$ 6,429,148</u>
	June 30,				
	2021	2022	2023	2024	2025
General Fund :					
Restricted	\$ 6,693,484	\$ 6,684,325	\$ 7,998,866	\$ 6,987,880	\$ 6,201,879
Assigned	342,948	251,549	158,131	262,439	166,182
Unassigned	589,833	1,005,953	594,570	601,606	551,159
Total General Fund	<u>\$ 7,626,265</u>	<u>\$ 7,941,827</u>	<u>\$ 8,751,567</u>	<u>\$ 7,851,925</u>	<u>\$ 6,919,220</u>
All Other Governmental Funds					
Restricted	113,304	398,255	78,167	84,294	87,468
Committed		579,827	468,321	5,055,759	1,194,179
Total All Other Governmental Funds	<u>113,304</u>	<u>978,082</u>	<u>546,488</u>	<u>5,140,053</u>	<u>1,281,647</u>
Total Fund Balances	<u>\$ 7,739,569</u>	<u>\$ 8,919,909</u>	<u>\$ 9,298,055</u>	<u>\$ 12,991,978</u>	<u>\$ 8,200,867</u>

Source: Borough of Demarest School District Financial Reports

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

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues											
Tax Levy	\$ 12,894,293	\$ 13,370,145	\$ 14,190,942	\$ 14,777,790	\$ 15,103,525	\$ 15,394,462	\$ 15,695,393	\$ 16,334,952	\$ 17,350,318	\$ 18,005,452	
Tuition Charges	37,587	135,051	441,899	473,183	483,449	358,350	509,046	798,929	889,452	762,026	
Transportation Fees											
Interest Earnings	8,338	18,133	3,952	1,000	3,140	80,906	200,266	333,730	379,730	163,066	
Miscellaneous	85,276	470,316	1,126,065	93,665	130,442	205,399	50,636	155,214	241,301	383,574	
Restricted Miscellaneous										223,606	
State Sources	1,880,013	2,108,610	2,280,297	2,618,257	2,858,674	3,533,552	4,548,449	4,772,819	5,209,342	5,214,173	
Federal Sources	166,310	157,115	163,556	171,385	176,000	334,957	528,508	337,075	327,058	452,664	
Total Revenues	15,188,705	15,864,535	17,555,143	19,170,632	18,716,313	19,803,399	21,815,802	22,859,625	24,553,821	25,204,561	
Expenditures											
Instruction											
Regular Instruction	3,949,793	4,238,464	4,500,602	4,646,139	4,821,020	4,899,736	5,188,764	5,142,534	5,560,122	5,698,656	
Special Education Instruction	1,168,255	1,221,421	1,255,088	1,271,742	1,271,456	1,331,617	1,548,209	1,666,206	1,699,326	1,741,391	
Other Special Instruction	347,098	398,605	348,331	341,758	349,760	384,066	263,825	268,466	296,602	310,309	
School Sponsored Instruction	89,975	93,946	99,659	101,690	110,898	28,843	160,292	168,528	177,050	196,848	
Support Services:											
Tuition	919,560	902,318	782,181	776,407	692,435	481,740	629,399	625,433	523,587	283,324	
Student and Instruction Related Services	1,831,626	1,647,619	1,836,191	1,860,415	1,876,400	2,164,396	2,349,419	2,217,719	2,449,862	2,571,088	
General Administrative Services	342,431	319,840	338,877	325,801	344,891	415,128	433,200	570,554	514,562	494,822	
School Administrative Services	381,591	386,985	390,554	407,215	448,480	442,745	445,880	479,060	523,201	523,201	
Central Services	270,676	299,116	305,169	316,986	323,608	343,251	348,325	359,762	369,142	384,649	
Administrative Information Technology	2,479	6,559	5,214	1,420	7,832	10,126	14,851	14,851	24,918	14,909	
Plant Operations and Maintenance	1,040,890	1,081,520	1,129,669	1,146,505	1,151,785	1,322,085	1,500,063	1,658,726	1,771,961	2,133,282	
Pupil Transportation	153,450	147,333	145,089	153,885	155,733	93,873	204,119	249,237	325,101	191,290	
Allocated and Unallocated Benefits	3,455,329	3,788,780	4,334,818	4,799,249	4,802,276	5,381,195	5,906,929	6,462,398	7,141,774	7,394,376	
Capital Outlay	776,102	954,629	1,180,795	1,346,110	910,079	659,128	3,711,296	2,062,485	1,910,331	7,443,027	
Debt Service:											
Principal	415,000	485,000	430,000	445,000	470,000	490,000	515,000	530,000	550,000	570,000	
Interest and Other Charges	238,475	147,621	177,400	164,500	146,700	127,900	108,300	87,700	66,500	44,500	
Total Expenditures	15,360,251	16,115,676	17,280,982	18,108,616	17,903,113	18,489,270	23,320,011	22,481,479	23,859,898	29,995,672	

BOROUGH OF DEMAREST SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)
(Continued)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Excess/(Deficit) of Revenues Over Expenditures	\$ (171,546)	\$ (251,141)	\$ 284,161	\$ 1,062,016	\$ 813,200	\$ 1,314,129	\$ (1,504,209)	\$ 378,146	\$ 693,923	\$ (4,791,111)
Other Financing Sources (Uses)										
School Refunding Bonds Issued	4,635,000									
School Bonds Defeased	(4,780,000)									
Bond Issuance Costs	(104,852)									
Bond Premium	345,969									
Deferred Amount on Refunding	(96,117)									
Financed Purchase Proceeds (Non-Budgeted)	77,484									
Transfers In										
Transfers Out	(2,198)									
Total Other Financing Sources (Uses)	75,286									
Net Change in Fund Balances	\$ (96,260)	\$ (251,141)	\$ 284,161	\$ 1,062,016	\$ 782,705	\$ 1,310,421	\$ 1,180,340	\$ 378,146	\$ 3,693,923	\$ (4,791,111)
Debt Service as a Percentage of Noncapital Expenditures	4.48%	4.17%	3.77%	3.64%	3.63%	3.47%	3.18%	2.92%	2.72%	2.57%

Source: Borough of Demarest School District Financial Reports

BOROUGH OF DEMAREST SCHOOL DISTRICT
GENERAL FUND- OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

Fiscal Year Ending June 30,	Totals	Tuition	Transportation Fees	Interest	Rentals	Miscellaneous
2016	\$ 248,089	\$ 37,587		\$ 11,828	\$ 126,575	\$ 72,099
2017	217,340	135,051		13,843	24,775	43,671
2018	570,823	441,899		18,133	103,303	7,488
2019	558,209	473,183		3,952	25,173	55,901
2020	578,114	483,449		1,000	5,775	87,890
2021	489,792	358,350		1,000	875	129,567
2022	817,585	509,046		3,140	4,250	301,149
2023	1,246,728	798,929		165,974	19,146	262,679
2024	1,379,203	889,452	\$ 2,367	336,854	10,150	140,380
2025	1,161,694	762,026		315,632	17,030	67,006

Source: Borough of Demarest School District Financial Records.

BOROUGH OF DEMAREST SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2015	\$ 12,778,100	\$ 1,225,059,400	\$ 36,920,200	\$ 1,350,000	\$ 1,276,107,700	\$ 85,020	\$ 1,276,192,720	\$ 1,501,723,835	1.000
2016	12,733,100	1,240,829,500	36,920,200	1,350,000	1,291,862,800	85,020	1,291,947,820	1,291,947,820	1.016
2017	10,281,800	1,272,223,900	36,920,200	1,350,000	1,320,775,900	83,130	1,320,859,030	1,320,859,030	1.044
2018	10,281,800	1,284,770,200	36,920,200	1,350,000	1,333,322,200	83,130	1,333,405,330	1,333,405,330	1,602,178,919
2019	10,281,800	1,295,887,500	36,920,200	1,350,000	1,344,439,500	83,130	1,344,522,630	1,636,336,376	1.087
2020	10,281,800	1,306,164,300	36,920,200	1,350,000	1,354,716,300	81,710	1,354,798,010	1,658,936,268	1.110
2021	8,810,900	1,312,340,700	36,920,200	1,350,000	1,359,421,800	82,810	1,359,504,610	1,642,574,368	1.125
2022	11,144,600	1,316,741,700	23,455,600	1,350,000	1,352,691,900	82,810	1,352,774,710	1,666,396,297	1.143
2023	8,155,200	1,349,148,900	23,455,600	1,350,000	1,382,109,700	82,810	1,382,192,510	1,803,359,244	1.184
2024	6,912,400	1,357,228,500	23,455,600	1,350,000	1,388,946,500	82,810	1,389,029,310	2,002,298,205	1.218

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.

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

b Tax rates are per \$100

Source: Municipal Tax Assessor

BOROUGH OF DEMAREST SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate	
	Basic Rate	General Obligation	Total Direct School Tax Rate	Municipality	Regional	County		
		Debt Service			High School			
2015	\$ 0.949	\$ 0.051	\$ 1.000	\$ 0.562	\$ 0.567	\$ 0.283	\$ 2.412	
2016	0.966	0.050	1.016	0.565	0.575	0.289	2.445	
2017	0.999	0.045	1.044	0.566	0.572	0.302	2.484	
2018	1.045	0.042	1.087	0.562	0.602	0.294	2.545	
2019	1.065	0.045	1.110	0.573	0.648	0.295	2.626	
2020	1.080	0.045	1.125	0.593	0.682	0.304	2.704	
2021	1.098	0.045	1.143	0.618	0.705	0.303	2.769	
2022	1.139	0.045	1.184	0.630	0.728	0.297	2.839	
2023	1.175	0.043	1.218	0.670	0.725	0.305	2.918	
2024	1.229	0.043	1.272	0.716	0.733	0.336	3.057	

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.

- 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: Municipal Tax Collector and School Business Administrator

BOROUGH OF DEMAREST SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2024			2016		
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value	
Alpine Country Club	\$ 20,000,000	1.44%	Alpine Country Club	\$ 32,323,800	2.50%	
Lavie Management Company LLC	3,800,000	0.27%	Taxpayer #1	3,768,400	0.29%	
Taxpayer #1	3,598,000	0.26%	Taxpayer #2	3,598,200	0.28%	
Taxpayer #2	3,550,000	0.26%	Taxpayer #3	3,330,600	0.26%	
Taxpayer #3	3,359,400	0.24%	Taxpayer #4	3,107,800	0.24%	
Taxpayer #4	3,330,600	0.24%	Taxpayer #5	3,000,000	0.23%	
Taxpayer #5	3,250,000	0.23%	Taxpayer #6	2,966,500	0.23%	
Taxpayer #6	3,200,000	0.23%	9 Brenner Place LLC	2,925,800	0.23%	
Taxpayer #7	3,178,800	0.23%	Taxpayer #7	2,710,500	0.21%	
Taxpayer #8	3,177,000	0.23%	Taxpayer #8	2,563,400	0.20%	
Total	<u>\$ 50,443,800</u>	<u>3.63%</u>	Total	<u>\$ 60,295,000</u>	<u>4.67%</u>	

NOTE: Individual Taxpayers are numbered in the year assessed; however, they may be not be the same individual taxpayers in the two years presented.

Source: Municipal Tax Assessor

BOROUGH OF DEMAREST SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 12,894,293	\$ 12,894,293	100.00%	\$ -0-
2017	13,370,145	13,370,145	100.00%	-0-
2018	14,190,942	14,190,942	100.00%	-0-
2019	14,777,790	14,777,790	100.00%	-0-
2020	15,103,525	15,103,525	100.00%	-0-
2021	15,394,462	15,394,462	100.00%	-0-
2022	15,695,393	15,695,393	100.00%	-0-
2023	16,334,952	16,334,952	100.00%	-0-
2024	17,350,318	17,350,318	100.00%	-0-
2025	18,005,452	18,005,452	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: Demarest Borough School District records including the Certificate and Report of School Taxes (A4F form)

BOROUGH OF DEMAREST SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income	Per Capita	
	General Obligation Bonds	Financed Purchases					
2016	\$ 5,220,000	\$ 177,439		\$ 5,397,439	1.38%	\$ 1,089	
2017	4,590,000	211,617		4,801,617	1.19%	968	
2018	4,160,000	571,688		4,731,688	1.13%	961	
2019	3,715,000	353,017		4,068,017	0.94%	831	
2020	3,245,000	276,820		3,521,820	0.79%	728	
2021	2,755,000	126,130		2,881,130	0.61%	590	
2022	2,240,000	2,327,135		4,567,135	0.96%	937	
2023	1,710,000	1,790,494		3,500,494	0.71%	722	
2024	1,160,000	4,387,868		5,547,868	1.10%	1,123	
2025	590,000	3,233,769		3,823,769	0.76%	774	

Note: Details regarding the district's outstanding debt can be found in the notes to the 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: Borough of Demarest School District Financial Reports

BOROUGH OF DEMAREST SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2016	\$ 5,220,000	\$ 5,220,000	0.41%	\$ 1,053
2017	4,590,000	4,590,000	0.36%	925
2018	4,160,000	4,160,000	0.31%	845
2019	3,715,000	3,715,000	0.28%	759
2020	3,245,000	3,245,000	0.24%	671
2021	2,755,000	2,755,000	0.20%	564
2022	2,240,000	2,240,000	0.16%	460
2023	1,710,000	1,710,000	0.13%	353
2024	1,160,000	1,160,000	0.08%	235
2025	590,000	590,000	0.04%	119

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

- a See Exhibit J- 6 for property tax data. These ratios is calculated using valuation data for the previous calendar year.
- a See Exhibit J-14 for population data. These ratios is calculated using population estimate for the previous calendar year.

Source: Borough of Demarest School District Financial Reports

BOROUGH OF DEMAREST 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:			
Borough of Demarest	\$ 21,914,443	100.00%	\$ 21,914,443
Northern Valley Regional High School	6,557,000	16.28%	1,067,671
Bergen County General Obligation Debt	1,042,720,595	0.88%	9,178,311
Subtotal, Overlapping Debt			32,160,425
Demarest Borough School District Direct Debt			1,160,000
Total Direct and Overlapping Debt			\$ 33,320,425

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 Demarest Borough. 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 Bergen County Board of Taxation; debt outstanding data provided by each governmental unit.

BOROUGH OF DEMAREST SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2025					
	2016	2017	2018	2019	2020
Equalized valuation basis					
2022					\$ 1,764,073,944
2023					\$ 1,991,512,536
2024					\$ 2,159,431,748
					<u>\$ 5,915,018,228</u>
Average equalized valuation of taxable property					
Debt limit @ (3 % of average equalization value) ^a					\$ 1,971,672,743
Total Net Debt Applicable to Limit					\$ 59,150,182
					<u>590,000</u>
Legal debt margin					\$ 58,560,182
	2021	2022	2023	2024	2025
Debt limit					
Total net debt applicable to limit					
Legal debt margin					
Total net debt applicable to the limit as a percentage of debt limit	11.87%	10.11%	8.97%	7.80%	6.69%
	2021	2022	2023	2024	2025
Debt limit					
Total net debt applicable to limit					
Legal debt margin					
Total net debt applicable to the limit as a percentage of debt limit	5.62%	4.54%	3.37%	2.14%	1.00%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other district types.

BOROUGH OF DEMAREST SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2016	4,956	\$ 390,711,216	\$ 78,836	2.90%
2017	4,961	401,960,064	81,024	2.60%
2018	4,925	419,565,675	85,191	2.30%
2019	4,895	431,939,695	88,241	2.20%
2020	4,838	444,960,536	91,972	6.70%
2021	4,887	475,715,241	97,343	4.30%
2022	4,873	473,353,474	97,138	2.60%
2023	4,846	495,401,734	102,229	3.50%
2024	4,941	505,113,489 **	102,229 *	3.70%
2025	4,941 **	505,113,489 ***	102,229 *	N/A

* - Latest Bergen County per capita personal income available (2023) was used for calculation purposes.

** - Latest Demarest Borough population available (2024) was used for calculation purposes.

*** - Latest Bergen County per capita personal income available (2023) and Demarest Borough population available (2024) was used for calculation purposes.

N/A - Not Available

Sources:

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF DEMAREST SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - BERGEN COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2024		Percentage of Total Employment
	Number of Employees	Rank	
Hackensack University Medical Center	N/A	1	N/A
Valley Health Systems, Inc.	N/A	2	N/A
Bio-Reference Laboratories	N/A	3	N/A
Express Scripts	N/A	4	N/A
Quest Diagnostics	N/A	5	N/A
KPMG LLP	N/A	6	N/A
Englewood Hospital and Medical Center	N/A	7	N/A
Englewood Hospital Home Health Care	N/A	8	N/A
Unilever Best Foods	N/A	9	N/A
Stryker	N/A	10	N/A
Total	N/A		N/A
Total Employment	494,480		N/A
Employer	2015		Percentage of Total Employment
	Number of Employees	Rank	
Hackensack University Medical Center	N/A	1	N/A
Valley Health Systems, Inc.	N/A	2	N/A
Medico Solutions, Inc.	N/A	3	N/A
Quest Diagnostics	N/A	4	N/A
Bio-Reference Laboratories	N/A	5	N/A
Englewood Hospital and Medical Center	N/A	6	N/A
Becton Dickinson and Company	N/A	7	N/A
Englewood Hospital Home Health Care	N/A	8	N/A
Unilever Best Foods	N/A	9	N/A
Stryker	N/A	10	N/A
Total	N/A		N/A
Total Employment	453,688		N/A

N/A - Information is not available.

Source: County of Bergen.

BOROUGH OF DEMAREST 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	50	56	61	61	62	62	62	64	64	63
Special education	25	31	33	34	30	30	30	30	31	31
Support Services:										
Student and instruction related services	31	24	23	24	24	24	24	24	26	26
School administrative services	6	5	6	6	6	6	6	6	6	6
General and business administrative services	6	6	5	5	5	5	5	5	5	5
Plant operations and maintenance	11	12	10	10	11	11	11	11	12	12
Food Service	4	4	4	4	4	4	4	6	10	11
Total	133	138	142	144	142	142	142	144	150	154

Source: District Personnel Records

BOROUGH OF DEMAREST SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Average Daily Enrollment (ADE)				
2016	665	\$ 13,930,674	\$ 20,948	6.43%	75	1:10.0	1:1.4	674.4	651.2	-0.37%	96.56%	
2017	671	14,528,426	21,652	12.71%	70	1:10.5	1:8.6	669.0	643.8	-0.80%	96.23%	
2018	675	15,492,787	22,952	9.57%	72	1:1.0	1:11.9	698.3	670.9	4.38%	96.08%	
2019	681	16,153,006	23,720	9.55%	72	1:11.4	1:8.1	704.6	676.7	0.90%	96.04%	
2020	699	16,376,334	23,428	-1.23%	73	1:8.2	1:12.4	701.2	682.0	-0.48%	97.26%	
2021	692	17,212,242	24,873	6.17%	73	1:8.2	1:12.4	695.4	685.6	-0.83%	98.59%	
2022	705	18,985,415	26,930	8.27%	73	1:8.2	1:12.4	708.2	680.2	1.84%	96.05%	
2023	763	19,801,294	25,952	-3.63%	75	1:8.7	1:13.2	767.4	731.7	8.36%	95.35%	
2024	763	21,333,067	27,959	7.74%	76	1:9.5	1:11.3	774.2	742.3	1.45%	95.88%	
2025	798	21,938,145	27,491	-1.67%	75	1:9.1	1:13.8	802.9	764.9	3.04%	95.27%	

Note: Enrollment based on annual October district count.

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

^b Teaching staff includes only full-time equivalents of certificated staff

^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

^d The cost per pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other Cost Per Pupil calculations.

Source: District records

BOROUGH OF DEMAREST SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Building <u>Elementary</u>	2016			2017			2018			2019			2020			2021			2022			2023			2024																		
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016	2017	2018	2019	2020	2021	2022																
County Road	22,645	22,645	22,645	22,645	22,645	22,645	22,645	22,645	22,645	22,645	168	168	168	168	168	168	168	168	168	168	118	123	139	160	160	161	161	168	168	168													
Square Feet (GSF)																																											
Capacity (students)	168	168	168	168	168	168	168	168	168	168																																	
Enrollment	118	118	123	123	123	123	123	123	123	123																																	
Luther Lee Emerson	44,381	44,381	44,381	44,381	44,381	44,381	44,381	44,381	44,381	44,381	320	320	320	320	320	320	320	320	320	320	320	229	231	238	212	212	218	218	217	217	217	247	247	225	225	222	222						
Square Feet (GSF)																																											
Capacity (students)																																											
Enrollment																																											
Middle School	71,919	71,919	71,919	71,919	71,919	71,919	71,919	71,919	71,919	71,919	441	441	441	441	441	441	441	441	441	441	318	311	298	309	309	313	313	320	320	325	325	343	343	360	360	360	360						
Demarest																																											
Square Feet (GSF)																																											
Capacity (students)																																											
Enrollment																																											

Number of Schools at June 30, 2025

Elementary = 2

Middle School = 1

Note: Enrollment is based on the annual October district count.

Source: District Facilities Office

BOROUGH OF DEMAREST SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

<u>*School Facility</u>	<u>Projects</u> (w/DOE Project #)	<u>Gross</u> <u>Building</u> <u>Area (SF)</u>	<u>Fiscal Year</u>				
			<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
County Road School	N/A	29,245	\$ 55,854	\$ 71,913	\$ 70,073	\$ 74,720	\$ 64,324
Luther Lee Emerson	SP#201893	44,381	75,316	67,059	67,886	79,410	69,161
Demarest Middle	SP#201892	73,535	89,567	82,544	115,131	125,960	145,960
District Total		147,161	<u>\$ 220,737</u>	<u>\$ 221,516</u>	<u>\$ 253,090</u>	<u>\$ 280,090</u>	<u>\$ 279,445</u>
<u>*School Facility</u>	<u>Projects</u> (w/DOE Project #)	<u>Gross</u> <u>Building</u> <u>Area (SF)</u>	<u>Fiscal Year</u>				
			<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
County Road School	N/A	29,245	\$ 98,189	\$ 236,162	\$ 225,680	\$ 157,655	\$ 185,703
Luther Lee Emerson	SP#201893	44,381	121,476	105,844	131,792	184,187	134,323
Demarest Middle	SP#201892	73,535	198,163	195,354	245,420	96,735	344,801
District Total		147,161	<u>\$ 417,828</u>	<u>\$ 537,360</u>	<u>\$ 602,892</u>	<u>\$ 438,577</u>	<u>\$ 664,827</u>

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

N/A - Not Available

Source: District records

BOROUGH OF DEMAREST SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2025
UNAUDITED

	<u>INSURANCE COMPANY *</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
Property Section	National Union Fire Inc. Co.		
Property- Blanket Bldgs & Grounds		\$ 54,431,632	\$ 5,000
School Limit Per Statement of Values			
Flood:			
Outside Zones A, V, or N		7,500,000/15,000,000	500,000
Zone A, N or V		20,000,000/15,000,000	
Earthquake		5,000,000	50,000
Extra Expense		5,000,000	100,000
Contractor's Equipment		250,000	
Cameras & Other Equip/Athletic Equip		250,000	
Musical Instruments		250,000	
\$10,000 Maximum Per Item			
Valuable Papers		5,000,000	
Electronic Data Process Equip		5,000,000	
Accounts Receivable		250,000	
Utility Service Interruption		250,000	
Boiler & Machinery	National Union Fire		
Property Damage (Blanket)	Insurance Co.	150,000,000	5,000
General Liability	National Union Fire		
General Aggregate	Insurance Co.	1,000,000	
Each Occurrence		1,000,000	2,500
Commercial Automobile Liability	National Union Fire		
Combined Single Limit	Insurance Co.	1,000,000	2,500
Comprehensive			1,000
Collision			1,000
Commercial Umbrella	National Union Fire	9,000,000	10,000
	Insurance Co.		
Excess Umbrella	Fireman's Fund		
Note: Shared Limits		25,000,000	
Per Occurrence		25,000,000	
Fund Aggregate			
Excess Liability	Great American / Allied / Hudson	30,000,000	
Unshared			

* - Through NESBIG.

BOROUGH OF DEMAREST SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2025
UNAUDITED
(Continued)

	<u>INSURANCE COMPANY *</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
Workmen's Compensation	Safety National		
Per Occurrence		\$ 1,000,000	
Policy Limit		1,000,000	
Aggregate		1,000,000	
Environmental Legal Liability	Evanston Ins. Co.		
Per Occurrence		2,000,000/4,000,000	\$ 25,000
Per Aggregate Group		20,000,000	
Crime	National Union Fire Insurance Co.		
Robbery/Safe Burglary - On Premise		100,000	5,000
Employee Theft		500,000	5,000
Forgery, Alterations and Fraud		250,000	5,000
School Board Legal Liability	Greenwich Insurance Co. / AXA		
Educators Legal Deductible		1,000,000	
Employment Practices Deductible		15,000	
		20,000	
Individual Bonds	Selective Insurance Co.		
Business Administrator/ Bd Secy		300,000	
Treasurer of School Monies		300,000	
Accidental Death & Dismemberment	Gerber Life Ins. Co.		
Principal Sum (AD&D)		100,000	
Total Limit Per All Other Accidents		500,000	
Student and Athletic Accident Policy	Catlin Insurance Co.		
Athletics & Students		1,000,000	
School Volunteers		500,000	
Cyber Liability	Conbell	1,000,000	25,000

* - Through NESBIG.

Source: District records

SINGLE AUDIT SECTION



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
Borough of Demarest School District
County of Bergen, 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 Borough of Demarest School District (the "District"), in the County of Bergen, 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 October 1, 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
Borough of Demarest 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 results 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.

October 1, 2025
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski
Certified Public Accountant
Licensed Public School Accountant #2684



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 NJOMB 15-08

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Borough of Demarest School District
County of Bergen, New Jersey

Report on Compliance for Each Major State Programs

Opinion on Each Major State Program

We have audited the Board of Education of the Borough of Demarest 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 types of 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.

The Honorable President and Members
of the Board of Education
Borough of Demarest 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.

The Honorable President and Members
of the Board of Education
Borough of Demarest 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 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.

October 1, 2025
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski
Certified Public Accountant
Licensed Public School Accountant #2684

BOROUGH OF DEMAREST 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	Uneamed Revenue/ (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures		Budgetary Accounts Receivable		Balances at June 30, 2025 Budgetary Accounts Receivable	Amounts Provided to Subrecipients
									Budgetary Accounts Receivable	Budgetary Revenue Due to Grantor	Budgetary Accounts Receivable	Budgetary Revenue Due to Grantor		
<u>U.S. Department of Education:</u>														
Passed-through State Department of Education:														
Special Revenue Fund:														
Special Education Cluster (DEA):														
ID.E.A. Part B, Basic	84.027	IDEA-3090-25	7/1/24-9/30/25	\$ 196,871			\$ 39,649		\$ 166,851	\$ (187,387)	\$ (20,536)		\$ 10	
ID.E.A. Part B, Basic	84.027	IDEA-3090-24	7/1/23-9/30/24	\$ 193,630					39,659					
ID.E.A. Part B, Preschool	84.173	IDEA-3090-25	7/1/24-9/30/25	11,500					10,350		(11,500)		(1,150)	
ID.E.A. Part B, Preschool	84.173	IDEA-3090-24	7/1/23-9/30/24	11,784			\$ (1,769)		1,769					
Total Special Education Cluster (DEA)							\$ (41,418)							
Education Stabilization Fund:														
COVID-19 - ARP:														
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	3/1/20-9/30/24	55,904						30,499		(30,499)		
Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	3/1/20-9/30/24	40,000						16,116		(16,116)		
Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027	3/1/20-9/30/24	40,000						17,521		(17,521)		
NUTSS Mental Health Support Staffing	84.425U	S425U210027	3/1/20-9/30/24	45,000			\$ (6,640)		6,640					
ESSER III	84.425U	S425U210027	3/1/20-9/30/24	352,577			\$ (6,640)							
Total Education Stabilization Fund														
Total U.S. Department of Education														
Total Federal Awards														

Total U.S. Department of Education
Total Federal Awards

BOROUGH OF DEMAREST 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	Budgetary Accounts Receivable	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	MEMO		
									Balance at June 30, 2025	Repayment of Prior Years' Balances	Total Expenditures
									Budgetary Accounts Receivable	Due to Grantor	
New Jersey Department of Education:											
General Fund:											
Categorical Special Education Aid	25-495-034-5120-089	7/1/24 - 6/30/25	\$ 842,549			\$ 761,552	\$ (842,549)		\$ (80,997)	\$ 842,549	
Categorical Security Aid	25-495-034-5120-084	7/1/24 - 6/30/25	69,584			62,895	(69,584)		(6,689)	69,584	
Categorical Transportation Aid	25-495-034-5120-014	7/1/24 - 6/30/25	49,777			44,992	(49,777)		(4,785)	49,777	
Extraordinary Special Education Costs	25-495-034-5120-044	7/1/24 - 6/30/25	216,547			(216,290)			(216,290)	216,290	
Nonpublic School Transportation Costs	25-495-034-5120-044	7/1/24 - 6/30/25	11,267			(11,267)			(11,267)	11,267	
Categorical Special Education Aid	24-495-034-5120-089	7/1/23 - 6/30/24	767,632	\$ (67,187)		67,187				767,632	
Categorical Security Aid	24-495-034-5120-084	7/1/23 - 6/30/24	31,678			(2,773)				31,678	
Categorical Transportation Aid	24-495-034-5120-014	7/1/23 - 6/30/24	49,777			4,357				49,777	
Extraordinary Special Education Costs	24-495-034-5120-044	7/1/23 - 6/30/24	252,802			(252,802)				252,802	
Nonpublic School Transportation Costs	24-495-034-5120-014	7/1/23 - 6/30/24	10,615			(10,615)				10,615	
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	25-495-034-5094-001	7/1/24 - 6/30/25	750,315			(750,315)				750,315	
TPAFF Pension Contributions (non-budgeted)	25-495-034-5094-002	7/1/24 - 6/30/25	2,536,388			(2,536,388)				2,536,388	
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	25-495-034-5094-004	7/1/24 - 6/30/25	31,419			(31,419)				31,419	
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	25-495-034-5094-004	7/1/24 - 6/30/25	1,244			1,244				1,244	
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24 - 6/30/25	589,876			(589,876)				(28,356)	589,876
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	7/1/23 - 6/30/24	555,428			(27,979)				(27,979)	555,428
Total General Fund			3,319,366			(365,713)				5,116,038	
Special Revenue Fund:										(5,098,709)	
NJ Nonpublic Aid:										(255,913)	
Textbook Aid (Chapter 194)	25-100-034-5120-064	7/1/24 - 6/30/25	3,273			(3,273)				3,273	
Nursing Services (Chapter 226)	25-100-034-5120-070	7/1/24 - 6/30/25	10,270			(10,270)				10,270	
Technology Initiative	25-100-034-5120-373	7/1/24 - 6/30/25	3,136			(3,135)				3,135	
Security Aid	25-100-034-5120-509	7/1/24 - 6/30/25	106,395			(106,395)				106,395	
Textbook Aid (Chapter 194)	24-100-034-5120-064	7/1/23 - 6/30/24	3,642			(400)				3,242	
Technology Initiative	24-100-034-5120-373	7/1/23 - 6/30/24	3,087			(2)				3,085	
Security Aid	24-100-034-5120-509	7/1/23 - 6/30/24	111,520			(90)				111,430	
Auxiliary Services (Chapter 192):											
Compensatory Education	25-100-034-5120-067	7/1/24 - 6/30/25	4,335			(4,495)				4,335	
Compensatory Education	24-100-034-5120-067	7/1/23 - 6/30/24	4,495			(4,495)					
Handicapped Services (Chapter 193):											
Supplementary Instruction	25-100-034-5120-066	7/1/24 - 6/30/25	9,086			(4,708)				4,378	
Corrective Speech	25-100-034-5120-066	7/1/24 - 6/30/25	3,720			(1,860)				1,860	
Examination and Classification	25-100-034-5120-066	7/1/24 - 6/30/25	5,692			(3,986)				1,706	
Supplementary Instruction	24-100-034-5120-066	7/1/23 - 6/30/24	4,956			(3,139)				3,986	
Corrective Speech	24-100-034-5120-066	7/1/23 - 6/30/24	4,650			(2,790)				1,817	
Examination and Classification	24-100-034-5120-066	7/1/23 - 6/30/24	5,636			(5,636)				1,860	
Total Special Revenue Fund			16,532			(143,907)				12,289	
Total New Jersey Department of Education			(365,713)			2,611,945				(255,913)	
						(5,232,327)				(255,913)	
										2,289	
										(348,384)	
										7,028,138	

N/A - Not Available.

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

(continued)

卷之三

SEE ACCOMPANYING NOTES TO SCHEDULE II FOR EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Demarest School District under programs of the federal and state governments for the fiscal year ended June 30, 2025. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(18,154) for the General Fund and \$(749,062) 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.

BOROUGH OF DEMAREST SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

Awards and financial assistance revenue are reported on the Board's basic financial statements on the GAAP basis as presented below:

	Federal	State	Total
General Fund		\$ 5,080,555	\$ 5,080,555
Special Revenue Fund	<u>\$ 452,664</u>	<u>133,618</u>	<u>586,282</u>
Total Awards	<u>\$ 452,664</u>	<u>\$ 5,214,173</u>	<u>\$ 5,666,837</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$749,062 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act as of June 30, 2025. As of June 30, 2025, none of these funds have been expended, submitted for reimbursement or been drawn down and received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

BOROUGH OF DEMAREST 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?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
2.) Significant deficiencies identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	None reported
Noncompliance material to basic financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

Federal Awards

The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2025 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.

State Awards

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

Internal control over major programs:

1.) Material weakness identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
2.) Significant deficiencies identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	None reported
Noncompliance material to basic financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?

Yes No

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
State Aid Public:					
Categorical Special Education Aid	25-495-034-5120-089	7/1/24	6/30/25	\$ 842,549	\$ 842,549
Categorical Security Aid	25-495-034-5120-084	7/1/24	6/30/25	69,584	69,584

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

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

Status of Prior Year Findings:

There were no prior year findings.