

CLOSTER BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Closter, New Jersey

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**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
of the
Closter Board of Education
Closter, New Jersey
For The Fiscal Year Ended June 30, 2025**

**Prepared by
Closter Board of Education
Business Office**

**CLOSTER BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-vi
Organizational Chart	vii
Roster of Officials	viii
Consultants and Advisors	ix
FINANCIAL SECTION	
Independent Auditor's Report	1-3
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	4-13
Basic Financial Statements	
A. District-wide Financial Statements	
A-1 Statement of Net Position	14
A-2 Statement of Activities	15
B. Fund Financial Statements	
<i>Governmental Funds</i>	
B-1 Balance Sheet	16-17
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	18
B-3 Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	19
<i>Proprietary Funds</i>	
B-4 Statement of Net Position	20
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	21
B-6 Statement of Cash Flows	22
<i>Fiduciary Funds – Not Applicable</i>	
Notes to the Financial Statements	23-61

**CLOSTER BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	62-68
C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budgetary Basis – Special Revenue Fund	69
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information	70
REQUIRED SUPPLEMENTARY INFORMATION – PART III	
L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)	
L-1 Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	71
L-2 Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	72
L-3 Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	73
L-5 Notes to Required Supplementary Information – Net Pension Liability	74
M. Schedules Related to Accounting and Reporting for Postemployment Retirement Benefits Other Than Pensions (OPEB) (GASB 75)	
M-1 Required Supplementary Information – Schedule of District’s Proportionate Share of Total OPEB Liability	75
M-2 Notes to Required Supplementary Information – OPEB Liability	76
OTHER SUPPLEMENTARY INFORMATION	
D. School Level Schedules – Not Applicable	
E. Special Revenue Fund	
E-1 Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Fund – Budgetary Basis	77-78
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis – Not Applicable	
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	79
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	80
F-2a Schedule of Project Revenues, Expenditures, Project Balances and Project Status – 2023 School Bond Referendum – Facility Upgrades at Hillside Elementary School and Tenakill Middle School	81

**CLOSTER BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
G. Proprietary Funds	
G-1 Combining Statement of Net Position	82
G-2 Combining Statement of Revenues, Expenses and Charges in Net Position	83
G-3 Combining Statement of Cash Flows	84
H. Fiduciary Funds – Not Applicable	
I. Long-Term Debt	
I-1 Schedule of Serial Bonds Payable	85
I-2 Schedule of Financing Agreements and Leases Payable – Not Applicable	86
I-3 Debt Service Fund Budgetary Comparison Schedule	87
J. STATISTICAL SECTION (Unaudited)	
J-1 Net Position by Component	88
J-2 Changes in Net Position	89
J-3 Fund Balances – Governmental Funds	90
J-4 Changes in Fund Balances – Governmental Funds	91
J-5 General Fund Other Local Revenue by Source	92
J-6 Assessed Value and Actual Value of Taxable Property	93
J-7 Direct and Overlapping Property Tax Rates	94
J-8 Principal Property Taxpayers	95
J-9 Property Tax Levies and Collections	96
J-10 Ratios of Outstanding Debt by Type	97
J-11 Ratios of Net General Obligation Debt Outstanding	98
J-12 Direct and Overlapping Governmental Activities Debt	99
J-13 Legal Debt Margin Information	100
J-14 Demographic and Economic Statistics	101
J-15 Principal Employers	102
J-16 Full-Time Equivalent District Employees by Function/Program	103
J-17 Operating Statistics	104
J-18 School Building Information	105
J-19 Schedule of Required Maintenance Expenditures by School Facility	106
J-20 Insurance Schedule	107

**CLOSTER BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

SINGLE AUDIT SECTION

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 Government Auditing Standards – Independent Auditor’s Report	108-109
K-2	Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	110-112
K-3	Schedule of Expenditures of Federal Awards	113
K-4	Schedule of Expenditures of State Financial Assistance	114
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	115-116
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	117-118
K-6	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	119
K-6	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	120
K-7	Summary Schedule of Prior Year Findings – Not Applicable	

INTRODUCTORY SECTION

CLOSTER PUBLIC SCHOOLS

340 Homans Avenue • Closter, New Jersey 07624



Vincent McHale
Superintendent of Schools

Floro M. Villanueva Jr.
Business Administrator/Board Secretary

December 5, 2025

Honorable President and
Members of the Board of Trustees
Closter Board of Education
Closter, New Jersey 07624

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Closter School District (the "District") for the fiscal year ended June 30, 2025, is hereby submitted. This Annual Comprehensive Financial Report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All necessary disclosures have been included to enable the reader to understand the District's financial activities.

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 comprises the basic financial statements and schedules, along with the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of NJ OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Closter Public Schools is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 34. All funds of the District are included in this report. The Closter Board of Education, Hillside Elementary School, and Tenakill Middle School constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. It completed the 2024-2025 fiscal year with an enrollment of 1,221 resident students, which is one student less than the prior year. The following details the District’s student enrollment changes over the last ten years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	1,114	(0.54)
2016-2017	1,155	3.68
2017-2018	1,167	1.04
2018-2019	1,233	5.65
2019-2020	1,223	(0.81)
2020-2021	1,179	(3.59)
2021-2022	1,189	0.85
2022-2023	1,214	2.10
2023-2024	1,222	0.65
2024-2025	1,221	(0.001)

2. ECONOMIC CONDITION AND OUTLOOK: Known as "The Historic Hub of the Northern Valley," the Borough of Closter is situated below the Palisades in northeastern Bergen County, New Jersey. Closter is a stable, attractive community with an estimated population of 8,544. The median household income of its residents is \$187,500, and the average assessed value of a home is \$876,002. About 90% of Closter's working residents are employed in various industries, including healthcare, finance, technology, and retail. Its strategic location near New York City facilitates commuting and business opportunities. Furthermore, 94.7% of Closter's adult population graduated from high school, and 66.2% hold a bachelor’s degree or higher. As of the 2023 United States Census (American Community Survey 5-year estimates), 47.8% of the population is Caucasian, and nearly 32.2% are of Asian descent. Closter’s economy remains strong and balanced, supported by a diverse range of industries such as healthcare, professional services, and retail. The community benefits from steady employment, high household incomes, and a resilient housing market that continues to show stable growth and high homeownership rates. While the regional economy has softened somewhat in recent months, Closter’s desirable location, excellent schools, and highly educated workforce provide a solid foundation for ongoing stability. The borough’s long-term outlook remains positive, with moderate but steady economic activity and a reliable tax base that enables sustained community and educational investments. Though just 15 miles from New York City, Closter maintains a strong sense of local pride in its community, schools, and the numerous services it offers its residents.

3. MAJOR INITIATIVES and NOTABLE ACHIEVEMENTS: The 2024–2025 school year represented a period of continued growth and progress for Closter Public Schools, highlighted by meaningful achievements in student learning, staff development, and capital improvement. The District remained steadfast in its mission to foster academic excellence, support student well-being, and strengthen operational efficiency—balancing educational innovation with fiscal responsibility and a strong sense of community partnership.

Instruction & Student Achievement Highlights

Closter Public Schools continued to deliver high-quality instruction and meaningful learning experiences that engage students in critical thinking, creativity, and collaboration. At Hillside Elementary School, instructional programs placed a strong emphasis on foundational literacy, hands-on STEM learning, and social-emotional growth. The integration of Learning Ally supported diverse reading needs through audiobooks and adaptive resources, while LinkIt! provided data-driven insights that helped teachers tailor instruction to individual student progress.

At Tenakill Middle School, the Tenakill Enrichment Program (TEP) continued to challenge students through advanced coursework, research-based projects, and interdisciplinary opportunities that extend beyond the traditional classroom. The middle school also began implementing Brisk AI, a digital platform that helps teachers with curriculum, providing student feedback, and differentiation of instruction.

Both schools also prioritized professional development and staff preparedness. Faculty and support staff participated in Crisis Prevention Institute (CPI) training to strengthen behavioral support systems and reinforce the District's commitment to maintaining safe, positive, and inclusive school environments. These collective initiatives contributed to strong student outcomes and reinforced the District's focus on the whole child—academically, socially, and emotionally.

Achievements Beyond the Classroom

Closter students continued to excel beyond academics, embodying the District's values of leadership, creativity, and community engagement. Student musicians, artists, and athletes earned recognition in regional showcases and competitions, while various clubs and service-learning initiatives fostered teamwork and civic responsibility. The Tenakill Middle School Science Olympiad team were the 2025 New Jersey champions and attended the national competition in Lincoln, Nebraska. Wellness programming, peer leadership, and cross-age mentoring further promoted empathy, resilience, and personal growth—ensuring that students leave Closter not only well-prepared academically, but also as compassionate and engaged citizens.

Profile of a Closter Learner

As part of the Board of Education's 2024-2025 goals, the District successfully developed the **Profile of a Closter Learner**, a collective vision that defines the essential skills, attributes, and characteristics that Closter students will cultivate by the time they complete their PK–8 educational experience. This profile—crafted with input from staff, administrators, parents, and community stakeholders—serves as a guiding framework for curriculum design, instructional priorities, and student development, ensuring that every learner is prepared to thrive as a thoughtful, resilient, and responsible global citizen.

Capital Projects and Referendum Update

The District made substantial progress on its long-term facilities plan stemming from the 2023 voter-approved Capital Projects Referendum. Major projects completed or underway under the Capital Projects Fund include:

- TMS Window Replacements
- HES & TMS Roof Repairs
- HES & TMS Boiler Replacements
- TMS HVAC Installation

These capital investments have enhanced building performance, indoor air quality, and energy efficiency across the district.

A significant milestone this year was the completion of the new wing at Hillside Elementary School, which became fully functional and available for student use at the start of the 2024–2025 school year. The latest addition provides instructional spaces, small-group learning areas, and improved infrastructure to accommodate enrollment growth and evolving educational needs.

Together, these accomplishments illustrate Closter Public Schools’ continued pursuit of excellence—strengthening instruction through technology and data, investing in staff capacity, enriching student experiences, and responsibly advancing the facilities that support them. The 2024–2025 school year serves as a testament to a district that values continuous improvement, collaboration, and a shared commitment to preparing all students for success in a rapidly changing world.

4. INTERNAL ACCOUNTING CONTROLS: The District’s management is responsible for establishing and maintaining a strong internal control system that protects the District’s assets from loss, theft, or misuse. It also ensures the availability of reliable financial data for preparing statements in accordance with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, though not absolute, assurance that these goals are met. The concept of reasonable assurance acknowledges that the cost of any control should not outweigh the expected benefits, and that sound judgment and estimates are critical to maintaining this balance.

As a recipient of federal and state financial assistance, the District also maintains an internal control system that ensures compliance with all applicable laws, regulations, and grant requirements. Management periodically reviews these controls for effectiveness and adherence.

As part of the annual single audit, the District’s internal controls—including those related to federal and state programs—are tested to determine adequacy and compliance with applicable regulations. The results of these tests are used to strengthen oversight and reinforce best practices in fiscal management and operational integrity.

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains strong budgetary controls to ensure compliance with legal provisions and uphold fiscal responsibility. The annual appropriated budget, adopted by the Board of Education and approved by voters, serves as the legal framework for financial operations. Budgets are adopted for the General Fund, Special Revenue Fund, and Debt Service Fund,

while project-length budgets are approved for capital improvements and accounted for in the Capital Projects Fund.

Capital projects approved by the community in 2023 are likewise accounted for within the Capital Projects Fund, ensuring transparency, accountability, and adherence to voter-approved intent. These projects are managed in accordance with applicable state and local requirements, with expenditures monitored to align with both statutory and board-approved parameters.

An encumbrance accounting system is used to monitor outstanding purchase commitments on a line-item basis. At year-end, open encumbrances are either canceled or reappropriated in the following fiscal year and are recorded as reservations of fund balance as of June 30, 2025. These procedures help ensure that the District's financial commitments remain controlled, transparent, and aligned with long-term operational and capital priorities.

6. CASH MANAGEMENT: The District's cash and investment activities are governed by State statute and detailed in the "Notes to the Financial Statements." The District has adopted a formal Cash Management Plan requiring all deposits to be made in qualified public depositories protected under the Governmental Unit Deposit Protection Act (GUDPA). Enacted in 1970, GUDPA safeguards public funds held in approved New Jersey financial institutions in the event of bank failure.

Through prudent investment practices and adherence to statutory requirements, the District ensures that all public funds are secure, accessible, and optimally managed to support ongoing operational needs and fiscal stability.

7. RISK MANAGEMENT: The Board of Education maintains comprehensive insurance coverage to protect the District from a wide range of potential exposures. This includes general liability, pollution liability, school board legal liability, commercial automobile liability, crime liability, cyber liability, workers' compensation, and surety bonds.

The District is a member of the Northeast Bergen School Board Insurance Group (NESBIG), a Joint Insurance Fund that provides risk pooling, safety management resources, and shared coverage among participating school districts, through its participation in NESBIG, the District benefits from cost efficiencies, specialized risk management expertise, and access to comprehensive loss prevention programs.

Together with proactive internal protocols and periodic review of coverage limits, the District's membership in NESBIG reinforces its ability to mitigate potential losses, maintain fiscal resilience, and ensure the continuity of operations in the event of unforeseen circumstances.

8. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The auditing firm selected by the Board is Lerch, Vinci, Bliss, LLP. In addition to meeting the requirements set forth in state statutes, the audit was also

designed to meet NJ OMB Circular 15-08 requirements. The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to Government Auditing Standards and the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS: We extend our sincere appreciation to the members of the Closter Board of Education for their continued commitment to fiscal integrity and transparency on behalf of the citizens and taxpayers of Closter. Their prudent decision-making and support enable the District to maintain sound financial operations.

We also wish to thank the dedicated staff of the Business Office for their professionalism and efficiency in preparing this report and ensuring the accuracy of our financial records. Their diligence demonstrates the District's ongoing commitment to excellence in financial stewardship and public accountability.

Respectfully submitted,

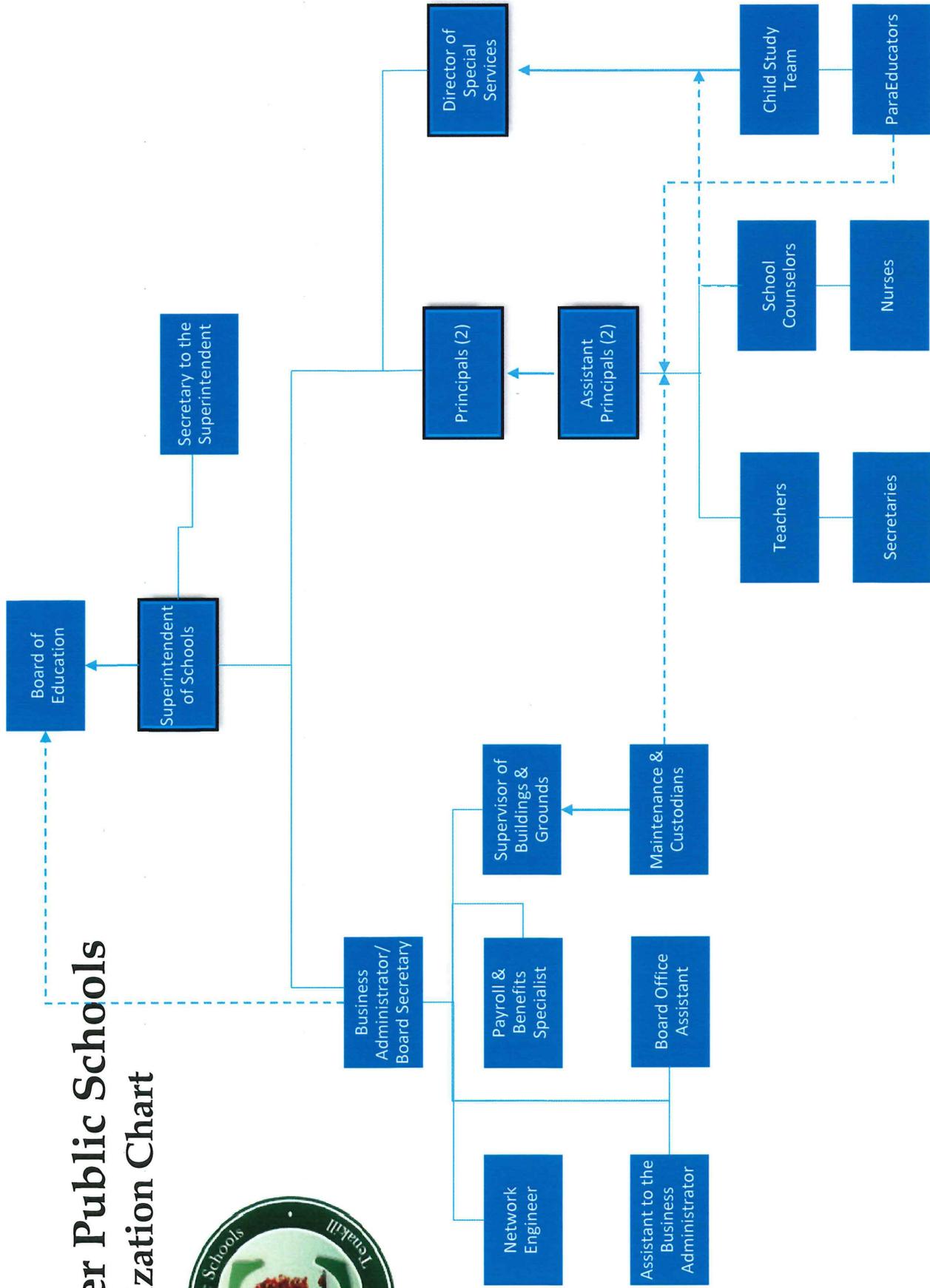


Vincent McHale
Superintendent of Schools
Closter Public Schools



Floro M. Villanueva Jr.
Business Administrator / Board Secretary
Closter Public Schools

Cluster Public Schools Organization Chart



Indicates evaluative capacity as defined by ACHIEVE NJ

**CLOSTER BOARD OF EDUCATION
CLOSTER, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2025**

<u>Member of the Board of Education</u>	<u>Term Expires January</u>
Melody Finkelstein, President	2026
Gal Paldi, Vice President	2025
Christina Argenziano	2027
Edmund Choi	2026
Marilyn Estrems	2027
Cathy Lee	2027
Jia-Dee Li	2025
Janine Micera	2025
Gregory Shih	2025
<u>Other Officials</u>	
Vincent McHale, Superintendent of Schools	
Floro Villanueva, Jr. Business Administrator/Board Secretary	
Micheal Donow, Treasurer	

CLOSTER BOARD OF EDUCATION
Consultants and Advisors

Architect

DiCara Rubino Architects
30 Galesi Drive – West Wing
Wayne, NJ 07470

Audit Firm

Lerch, Vinci & Bliss, LLP
17-17 Route 208 North
Fair Lawn, NJ 07410

Attorneys

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

Official Depository

Capital One Bank
710 Route 46 East
Fairfield, NJ 07004

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Closter Board of Education
Closter, New Jersey

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education, as of and for the fiscal year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Board of Education'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 Closter Board of Education 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, 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. 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 Closter Board of Education 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 misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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 generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Closter Board of Education'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 Closter Board of Education'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, budgetary comparison information, pension information and other postemployment benefits information 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, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Closter Board of Education's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey 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 of the Closter Board of Education. Such information is the responsibility of management and was derived from and relate 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 combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance 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 section, financial schedules and statistical section 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.

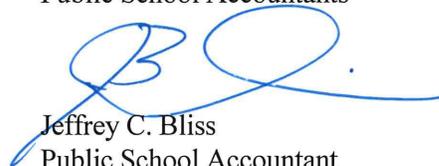
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, 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 December 5, 2025 on our consideration of the Closter Board of Education'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 Closter Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Closter Board of Education's internal control over financial reporting and compliance.

Lerch, Vinci & Bliss, LLP

LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 5, 2025

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

As management of the Closter Board of Education (the Board or District) we offer readers of the District's financial statements this narrative overview. Our discussion and analysis of the School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2025. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements including the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2024-2025 fiscal year include the following:

- The assets and deferred outflows of resources of the Closter Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$22,164,807. (Net Position)
- The District's total net position increased by \$1,137,977, or 5%.
- Overall District revenues were \$29,971,489. General revenues accounted for \$24,067,602, or 80% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,903,887, or 20%, of total revenues.
- The school district had \$28,822,141 in expenses for governmental activities; only \$5,885,235 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$24,067,602 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$14,812,801. Of this amount, \$11,551,038 is restricted for capital projects, \$877,088 is restricted for required maintenance of District facilities, \$1,325,000 is restricted for excess surplus, \$528,129 is restricted for other purposes, \$140,667 is committed or assigned for year-end encumbrances and arbitrage rebate and the remaining amount is the unassigned fund balance of \$390,879.
- The General Fund fund balance at June 30, 2025 was \$11,689,933, an increase of \$37,281 compared to the ending fund balance at June 30, 2024 of \$11,652,652.
- The General Fund unassigned budgetary fund balance at June 30, 2025 was \$1,035,285, which represents a decrease of \$53,996 when compared to the ending unassigned budgetary fund balance at June 30, 2024 of \$1,089,281.

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at significant funds with all other non-major funds presented in one total column. The General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024-2025? The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in its position. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- Governmental Activities – All programs and services are reported here including instruction, support services, operation and maintenance of school facilities, pupil transportation, capital outlay, and debt service activities.
- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Laptop Insurance Program and Food Service operations are reported as business-type activities.

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. The proprietary funds include the Laptop Insurance Program and Food Service Funds which are non-major funds.

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

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

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for the general and special revenue funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

The District also presents required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68 and post-retirement medical benefits as required under GASB Statement No. 75. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons if required.

The District as a Whole

The Statement of Net Position provides one perspective of the District as a whole.

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

The following provides a summary of the District's net position as of June 30, 2025 and 2024.

**Net Position
as of June 30, 2025 and 2024**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Assets						
Current and Other Assets	\$ 15,211,887	\$ 17,708,564	\$ 18,142	\$ 10,861	\$ 15,230,029	\$ 17,719,425
Capital Assets	17,024,230	14,133,418	-	-	17,024,230	14,133,418
Total Assets	<u>32,236,117</u>	<u>31,841,982</u>	<u>18,142</u>	<u>10,861</u>	<u>32,254,259</u>	<u>31,852,843</u>
Deferred Outflows of Resources						
Deferred Amount on Pension Liability	74,659	78,446	-	-	74,659	78,446
Total Deferred Outflows of Resources	<u>74,659</u>	<u>78,446</u>	<u>-</u>	<u>-</u>	<u>74,659</u>	<u>78,446</u>
Liabilities						
Long-Term Liabilities	9,322,719	9,674,363	-	-	9,322,719	9,674,363
Other Liabilities	481,942	866,559	-	-	481,942	866,559
Total Liabilities	<u>9,804,661</u>	<u>10,540,922</u>	<u>-</u>	<u>-</u>	<u>9,804,661</u>	<u>10,540,922</u>
Deferred Inflows of Resources						
Deferred Amount on Pension Liability	359,450	363,537	-	-	359,450	363,537
Total Deferred Inflows of Resources	<u>359,450</u>	<u>363,537</u>	<u>-</u>	<u>-</u>	<u>359,450</u>	<u>363,537</u>
Net Position						
Net Investment in Capital						
Assets	13,746,814	7,644,418			13,746,814	7,644,418
Restricted	9,683,671	13,345,734			9,683,671	13,345,734
Unrestricted	(1,283,820)	25,817	18,142	10,861	(1,265,678)	36,678
Total Net Position	<u>\$ 22,146,665</u>	<u>\$ 21,015,969</u>	<u>\$ 18,142</u>	<u>\$ 10,861</u>	<u>\$ 22,164,807</u>	<u>\$ 21,026,830</u>

The District's combined net position was \$22,164,807 and \$21,026,830 on June 30, 2025 and 2024, respectively.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represents amounts reserved for specific purposes by outside parties or state laws and regulations. Unrestricted net position represents amounts available to the district that are neither restricted nor invested in capital assets.

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

The District's total net position of \$22,164,807 at June 30, 2025 represents a \$1,137,977, or 5%, increase from the prior year. The following shows changes in net position for fiscal years 2025 and 2024.

**Changes in Net Position
For the Years Ended June 30, 2025 and 2024**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program Revenues						
Charges for Services	\$ 593,318	\$ 571,552	\$ 13,051	\$ 12,010	\$ 606,369	\$ 583,562
Grants and Contributions	5,230,841	5,959,889	5,601	5,856	5,236,442	5,965,745
Capital Grants and Contributions	61,076	47,505			61,076	47,505
General Revenues						
Property Taxes	23,269,714	22,659,324			23,269,714	22,659,324
Unrestricted State Aid	64,253				64,253	-
Other	733,635	672,225	-	-	733,635	672,225
Total Revenues	<u>29,952,837</u>	<u>29,910,495</u>	<u>18,652</u>	<u>17,866</u>	<u>29,971,489</u>	<u>29,928,361</u>
Expenses						
Instruction	17,683,601	17,068,249			17,683,601	17,068,249
Support Services						
Student and Instructional Related Svcs.	4,730,696	4,658,144			4,730,696	4,658,144
General, School and Central Administrative Svcs.	2,516,475	2,736,212			2,516,475	2,736,212
Plant Operations and Maintenance	3,105,979	2,826,576			3,105,979	2,826,576
Pupil Transportation	564,204	619,850			564,204	619,850
Interest on Debt	221,186	134,749			221,186	134,749
Laptop Insurance Program			-	15,000	-	15,000
Food Service	-	-	11,371	12,980	11,371	12,980
Total Expenses	<u>28,822,141</u>	<u>28,043,780</u>	<u>11,371</u>	<u>27,980</u>	<u>28,833,512</u>	<u>28,071,760</u>
Increase (Decrease) in Net Position	1,130,696	1,866,715	7,281	(10,114)	1,137,977	1,856,601
Beginning of Year, Net Position	<u>21,015,969</u>	<u>19,149,254</u>	<u>10,861</u>	<u>20,975</u>	<u>21,026,830</u>	<u>19,170,229</u>
Ending of Year, Net Position	<u>\$ 22,146,665</u>	<u>\$ 21,015,969</u>	<u>\$ 18,142</u>	<u>\$ 10,861</u>	<u>\$ 22,164,807</u>	<u>\$ 21,026,830</u>

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

Governmental Activities

The District's total governmental activities revenues were \$29,952,837 and \$29,910,495 for the years ended June 30, 2025 and 2024, respectively. Property taxes made up 78 and 76 percent of revenues for governmental activities for the District in the fiscal years 2025 and 2024, respectively. Federal, state, and local grants and aid accounted for another 18 and 20 percent of governmental revenue for the years ended June 30, 2025 and 2024, respectively.

The total costs of all governmental programs and services was \$28,822,141 and \$28,043,780 for the years ended June 30, 2025 and 2024, respectively. Instruction costs were 61% and 61% of total expenses and support services costs were 38% and 39% of total expenses for the years ended June 30, 2025 and 2024, respectively.

For the fiscal years 2025 and 2024, governmental activities revenues exceeded expenses increasing net position for government activities by \$1,130,696 and \$1,866,715, respectively, from the previous year.

Business-Type Activities

Revenues for the District's business-type activities (food service program and laptop insurance repairs program) were comprised of charges for services and federal reimbursements.

- Business-type activities revenues exceeded expenses by \$7,281 for the fiscal year ended June 30, 2025 whereas expenses exceeded revenues by \$10,114 for the fiscal year ended June 30, 2024.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following shows the total cost of services and the net cost of services for the fiscal years ended June 30, 2025 and 2024. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Total and Net Cost of Services of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Instruction	\$ 17,683,601	\$ 17,068,249	\$ 12,863,787	\$ 11,710,531
Support Services				
Student and Instruction Related Svcs.	4,730,696	4,658,144	4,258,818	3,966,853
General, School and Central Administrative Svcs.	2,516,475	2,736,212	2,333,727	2,464,597
Plant Operations and Maintenance	3,105,979	2,826,576	2,911,093	2,683,836
Pupil Transportation	564,204	619,850	439,514	504,268
Interest and Other Charges	221,186	134,749	129,967	134,749
	<u>221,186</u>	<u>134,749</u>	<u>129,967</u>	<u>134,749</u>
Total	\$ 28,822,141	\$ 28,043,780	\$ 22,936,906	\$ 21,464,834

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

Governmental Activities (Cont.)

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General, school and central administrative services include expenses associated with the overall administrative and financial supervision of the District, including information technology services.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges associated with debt of the District.

The District's Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

All governmental funds (i.e., general, special revenue, capital projects and debt service funds presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$33,193,984 and \$32,758,732 and expenditures were \$35,353,178 and \$32,451,374 for the fiscal years ended June 30, 2025 and 2024, respectively. Other financing sources, net, were \$0 and \$6,489,000 for the fiscal years ended June 30, 2025 and 2024, respectively. During the fiscal year ended June 30, 2025 expenditures and other financing uses exceeded revenues and other financing sources by \$2,159,194, whereas during fiscal year ended June 30, 2024 revenues and other financing sources exceeded expenditures and other financing uses by \$6,796,358.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2025 and 2024.

<u>Revenue</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>June 30, 2025</u>	<u>June 30, 2024</u>		
Local Sources	\$ 24,749,144	\$ 24,047,043	\$ 702,101	3%
State Sources	7,960,066	8,059,709	(99,643)	-1%
Federal Sources	<u>484,774</u>	<u>651,980</u>	<u>(167,206)</u>	-26%
Total	<u>\$ 33,193,984</u>	<u>\$ 32,758,732</u>	<u>\$ 435,252</u>	1%

For fiscal year 2025, total governmental funds revenues increased \$435,252, or 1%, from the previous year.

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

The District's Funds (Cont.)

The following schedule represents a summary of the governmental fund expenditures for the fiscal years ended June 30, 2025 and 2024.

<u>Expenditures</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>June 30, 2025</u>	<u>June 30, 2024</u>		
Current				
Instruction	\$ 20,078,210	\$ 19,147,180	\$ 931,030	5%
Support Services	10,745,409	10,973,686	(228,277)	-2%
Capital Outlay	4,072,239	2,054,163	2,018,076	98%
Debt Service				
Principal	189,000	270,000	(81,000)	-30%
Interest	<u>268,320</u>	<u>6,345</u>	<u>261,975</u>	4129%
 Total Expenditures	 <u>\$ 35,353,178</u>	 <u>\$ 32,451,374</u>	 <u>\$ 2,901,804</u>	 9%

For fiscal year 2025, governmental fund expenditures increased \$2,901,804, or 9%, from the previous year.

General Fund Budgeting Highlights

The District's annual school budget is prepared according to New Jersey Statutes. The most significant budgetary fund is the General Fund. The school budget is approved only after an exhaustive review of each appropriation account. The budget – first and foremost – supports student achievement and outstanding academic programs.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to appropriate additional restricted and unassigned fund balance and through budget transfers to prevent over expenditures in specific line item accounts.

For fiscal year 2025 General Fund budgetary expenditures exceeded budgetary revenues and other financing sources decreasing budgetary fund balance \$43,923. After deducting fund balances restricted, committed and assigned, the unassigned budgetary fund balance decreased \$53,996 from an unassigned fund balance of \$1,089,281 at June 30, 2024 to \$1,035,285 at June 30, 2025. In addition at June 30, 2024 the District had balances in its capital reserve of \$8,528,454, maintenance reserve of \$877,088, emergency reserve of \$250,000, unemployment compensation reserve of \$177,845 and reserved excess surplus of \$1,325,000.

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

Capital Assets

At the end of fiscal years 2025 and 2024, the District's governmental activities had \$17,024,230 and \$14,133,418, respectively invested in land, buildings, furniture, equipment and vehicles, net of accumulated depreciation. The following shows fiscal year 2025 balances compared to fiscal year 2024 balances.

**Capital Assets at June 30, 2025 and 2024
(Net of Accumulated Depreciation)**

	<u>2025</u>	<u>2024</u>
Land	\$ 26,600	\$ 26,600
Construction in Progress	663,095	1,825,278
Improvements Other Than Buildings	340,784	243,456
Buildings and Improvements	15,395,139	11,545,499
Machinery and Equipment	<u>598,612</u>	<u>492,585</u>
 Total	 <u>\$ 17,024,230</u>	 <u>\$ 14,133,418</u>

Overall capital assets, net of accumulated depreciation, increased \$2,890,812 from fiscal year 2024 to fiscal year 2025 as a result of capital asset additions exceeding capital asset deletions and depreciation during the current year.

The Capital Assets of the Business Type Activities of \$15,173 have been fully depreciated as of June 30, 2025 and 2024.

Additional information on Closter School District's Capital Assets can be found in Note 3 of this report.

Debt Administration

At June 30, 2025 and 2024, the District had \$9,322,719 and \$9,674,363, respectively of long-term liabilities. The following reflects the District's outstanding liabilities at June 30, 2025 and 2024.

**Outstanding Long-Term Liabilities
as of June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Bonds Payable	\$ 6,300,000	\$ 6,489,000
Net Pension Liability	2,571,364	2,851,527
Compensated Absences	<u>451,355</u>	<u>333,836</u>
 Total	 <u>\$ 9,322,719</u>	 <u>\$ 9,674,363</u>

Overall long-term liabilities decreased \$351,644 at June 30, 2025 from the previous year.

At June 30, 2025, the District's overall remaining legal debt margin was \$79,425,212.

Additional information on Closter School District's Long-Term Debt can be found in Note 3 of this report.

**CLOSTER BOARD OF EDUCATION
Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2025**

For the Future

The Closter Public Schools are thankful for the community's support and for the continued generosity of the Closter PTO. The district's most important goal is student achievement. To that end, the Closter Public Schools make every effort to meet the needs of all its children, despite significant cuts in state aid and unfunded mandates.

The Closter Public Schools are committed to educational excellence and fiscal integrity. Our system for financial planning, budgeting, and internal financial controls is audited annually. The Closter Public Schools shall continue to manage its financial resources prudently in order to meet the education challenges of the 21st century.

Many factors were considered by the District's administration during the process of developing the fiscal year 2025-2026 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2025-2026. Budgeted expenditures in the General Fund increased approximately 5% to \$27,860,466 for fiscal year 2024-2025. Increases in contractual salaries and related benefit costs were the main factors for the increase in the fiscal year 2024-2025 budget.

Contacting the District's Financial Management

If you have questions about this report or need additional information, please contact the School Business Administrator, Closter Board of Education, 340 Homans Avenue, Closter, NJ 07624.

DISTRICT WIDE FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 15,107,964	\$ 17,815	\$ 15,125,779
Receivables, net			
Receivables from Other Governments	94,908		94,908
Other Accounts Receivable	9,015	327	9,342
Capital Assets, Not Being Depreciated	689,695		689,695
Capital Assets, Being Depreciated	16,334,535		16,334,535
Total Assets	<u>32,236,117</u>	<u>18,142</u>	<u>32,254,259</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>74,659</u>		<u>74,659</u>
Total Deferred Outflows of Resources	<u>74,659</u>	<u>-</u>	<u>74,659</u>
Total Assets and Deferred Outflows of Resources	<u>32,310,776</u>	<u>18,142</u>	<u>32,328,918</u>
LIABILITIES			
Accounts Payable & Other Liabilities	241,527		241,527
Payable to Other Governments	23,394		23,394
Unearned Revenue	134,165		134,165
Accrued Interest Payable	82,856		82,856
Noncurrent Liabilities			
Due Within One Year	265,000		265,000
Due Beyond One Year	9,057,719		9,057,719
Total Liabilities	<u>9,804,661</u>	<u>-</u>	<u>9,804,661</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>359,450</u>		<u>359,450</u>
Total Deferred Inflows of Resources	<u>359,450</u>	<u>-</u>	<u>359,450</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,164,111</u>	<u>-</u>	<u>10,164,111</u>
NET POSITION			
Net Investment in Capital Assets	13,746,814		13,746,814
Restricted for:			
Capital Projects	8,528,454		8,528,454
Plant Maintenance	877,088		877,088
Unemployment Compensation	177,845		177,845
Student Activities	100,284		100,284
Unrestricted	<u>(1,283,820)</u>	<u>18,142</u>	<u>(1,265,678)</u>
Total Net Position	<u>\$ 22,146,665</u>	<u>\$ 18,142</u>	<u>\$ 22,164,807</u>

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

**CLOSTER BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 10,446,665	\$ 276,183	\$ 1,349,568	\$ 10,490	\$ (8,810,424)		\$ (8,810,424)
Special Education	5,386,819		2,652,185		(2,734,634)		(2,734,634)
Other Instruction	1,410,978		228,530		(1,182,448)		(1,182,448)
School Sponsored Activities and Athletics	439,139	299,635	3,223		(136,281)		(136,281)
Support Services							
Student and Instruction Related Svcs.	4,730,696		471,878		(4,258,818)		(4,258,818)
General Administration Services	638,527		43,959		(594,568)		(594,568)
School Administration Services	1,164,122		98,947		(1,065,175)		(1,065,175)
Central Administrative Services	713,826		39,842		(673,984)		(673,984)
Plant Operations and Maintenance	3,105,979		144,300	50,586	(2,911,093)		(2,911,093)
Pupil Transportation	564,204	17,500	107,190		(439,514)		(439,514)
Interest on Long-Term Debt	221,186		91,219		(129,967)		(129,967)
Total Governmental Activities	28,822,141	593,318	5,230,841	61,076	(22,936,906)	-	(22,936,906)
Business-Type Activities							
Laptop Insurance Program	-	6,246				\$ 6,246	6,246
Food Service	11,371	6,805	5,601	-	-	1,035	1,035
Total Business-Type Activities	11,371	13,051	5,601	-	-	7,281	7,281
Total Primary Government	\$ 28,833,512	\$ 606,369	\$ 5,236,442	\$ 61,076	\$ (22,936,906)	\$ 7,281	\$ (22,929,625)
General Revenues:							
Property Taxes, Levied for General Purposes					22,967,866		22,967,866
Property Taxes Levied for Debt Service					301,848		301,848
State Aid For Debt Service Principal					64,253		64,253
Interest Earnings					648,650		648,650
Miscellaneous Income					84,985		84,985
Total General Revenues and Transfers					24,067,602	-	24,067,602
Change in Net Position					1,130,696	7,281	1,137,977
Net Position, Beginning of Year					21,015,969	10,861	21,026,830
Net Position, End of Year					\$ 22,146,665	\$ 18,142	\$ 22,164,807

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

FUND FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 11,768,297	\$ 291,363	\$ 3,048,304		\$ 15,107,964
Receivables					
Receivables From Other Governments	55,721	39,187			94,908
Accounts Receivable	256	8,759	-	-	9,015
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 11,824,274</u>	<u>\$ 339,309</u>	<u>\$ 3,048,304</u>	<u>\$ -</u>	<u>\$ 15,211,887</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 31,661	\$ 81,466	\$ 25,720		\$ 138,847
Payable to State Government		23,394			23,394
Payroll Deductions and Withholdings	16,384				16,384
Other Liabilities	86,296				86,296
Unearned Revenue	-	134,165	-	-	134,165
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>134,341</u>	<u>239,025</u>	<u>25,720</u>	<u>-</u>	<u>399,086</u>
Restricted:					
Capital Reserve	7,628,454				7,628,454
Capital Reserve - Designated for Subsequent Year's Expenditures	900,000				900,000
Maintenance Reserve	537,088				537,088
Maintenance Reserve - Designated for Subsequent Year's Expenditures	340,000				340,000
Emergency Reserve	250,000				250,000
Unemployment Compensation Reserve	177,845				177,845
Excess Surplus	650,000				650,000
Excess Surplus - Designated for Subsequent Year's Expenditures	675,000				675,000
Student Activities		100,284			100,284
Capital Projects			3,022,584		3,022,584
Committed:					
Year-End Encumbrances	26,708				26,708
Assigned:					
Year-End Encumbrances	95,906				95,906
Arbitrage Rebate	18,053				18,053
Unassigned Fund Balance	390,879	-	-	-	390,879
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>11,689,933</u>	<u>100,284</u>	<u>3,022,584</u>	<u>-</u>	<u>14,812,801</u>
Total Liabilities and Fund Balances	<u>\$ 11,824,274</u>	<u>\$ 339,309</u>	<u>\$ 3,048,304</u>	<u>\$ -</u>	<u>15,211,887</u>

**CLOSTER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

Total Fund Balances-Governmental Funds (Exhibit B-1)		\$ 14,812,801
<p>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$33,831,440 and the accumulated depreciation is \$16,807,210.</p>		17,024,230
<p>The District has financed capital assets through the issuance of Serial Bonds. The interest accrual at year end is:</p>		(82,856)
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and amortized over future years.</p>		
Deferred Outflows of Resources	\$ 74,659	
Deferred Inflows of Resources	<u>(359,450)</u>	(284,791)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
<p>Long-term liabilities at year end consist of the following:</p>		
Bonds Payable	(6,300,000)	
Compensated Absences	(451,355)	
Net Pension Liability	<u>(2,571,364)</u>	<u>(9,322,719)</u>
Total net position of governmental activities (Exhibit A-1)		<u><u>\$ 22,146,665</u></u>

**CLOSTER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
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					
Property Taxes	\$ 22,967,866			\$ 301,848	\$ 23,269,714
Tuition	276,183			-	276,183
Interest	489,548		\$ 159,102	-	648,650
Miscellaneous	102,485	\$ 452,112	-	-	554,597
Total - Local Sources	23,836,082	452,112	159,102	301,848	24,749,144
State Sources	7,784,807	19,787		155,472	7,960,066
Federal Sources	-	484,774	-	-	484,774
Total Revenues	31,620,889	956,673	159,102	457,320	33,193,984
EXPENDITURES					
Current					
Instruction					
Regular Instruction	11,787,357	185,893			11,973,250
Special Education Instruction	5,773,723	238,297			6,012,020
Other Instruction	1,584,215	64,232			1,648,447
School Sponsored Activities and Athletics	150,722	293,771			444,493
Support Services					
Student and Instruction Related Services	5,109,443	107,540			5,216,983
General Administration Services	702,128				702,128
School Administration Services	1,301,525				1,301,525
Central Administrative Services	772,858				772,858
Plant Operations and Maintenance	2,187,116				2,187,116
Pupil Transportation	564,799				564,799
Debt Service					
Principal				189,000	189,000
Interest and Other Charges				268,320	268,320
Capital Outlay	1,808,824	61,076	2,202,339	-	4,072,239
Total Expenditures	31,742,710	950,809	2,202,339	457,320	35,353,178
Excess (Deficiency) of Revenues Over (Under) Expenditures	(121,821)	5,864	(2,043,237)	-	(2,159,194)
Other Financing Sources (Uses)					
Transfer In	159,102				159,102
Transfer Out	-	-	(159,102)	-	(159,102)
Total Other Financing Sources (Uses)	159,102	-	(159,102)	-	-
Net Changes in Fund Balances	37,281	5,864	(2,202,339)	-	(2,159,194)
Fund Balance, Beginning of Year	11,652,652	94,420	5,224,923	-	16,971,995
Fund Balance, End of Year	\$ 11,689,933	\$ 100,284	\$ 3,022,584	\$ -	\$ 14,812,801

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CLOSTER BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (2,159,194)

Amounts reported for governmental activities in the statement of activities are different because:

Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceed depreciation expense in the period.

Capital Outlay	\$ 4,072,239	
Depreciation Expense	<u>(1,181,427)</u>	
		2,890,812

In the statement of activities, certain operating expenses - compensated absences, pension expenses are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Compensated Absences	(117,519)	
Decrease in Pension Expense	<u>280,463</u>	
		162,944

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments		
Bonds	<u>189,000</u>	
		189,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>47,134</u>
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Change in net position of governmental activities (A-2 Exhibit)		<u>\$ 1,130,696</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2025**

	Business-Type Activities Enterprise Funds <hr/> Total Non-Major Enterprise Funds <hr/>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 17,815
Intergovernmental Accounts Receivable	<u>327</u>
Total Current Assets	<u>18,142</u>
Noncurrent Assets	
Machinery and Equipment	15,173
Less: Accumulated Depreciation	<u>(15,173)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>18,142</u>
NET POSITION	
Unrestricted	<u>18,142</u>
Total Net Position	<u><u>\$ 18,142</u></u>

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

**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Business-Type Activities Enterprise Fund
	Total Non-Major Enterprise Funds
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 6,805
Program Fees	6,246
Total Operating Revenues	13,051
OPERATING EXPENSES	
Salaries and Wages	2,500
Cost of Sales - Reimbursable Programs	8,871
Total Operating Expenses	11,371
Operating Income	1,680
NONOPERATING REVENUES	
Federal Sources	
Special Milk Program	5,601
Total Nonoperating Revenues	5,601
Change in Net Position	7,281
Net Position, Beginning of Year	10,861
Net Position, End of Year	\$ 18,142

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

**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Business-Type Activities - Enterprise Funds
	Total Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from (Paid to) Customers	\$ 13,051
Payments to Employees for Salaries and Benefits	(2,500)
Cash Payments to Suppliers for Goods and Services	(8,871)
Net Cash Provided by Operating Activities	1,680
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash Received from State and Federal Reimbursements	5,574
Net Cash Provided by Non-Capital Financing Activities	5,574
Net Increase in Cash and Cash Equivalents	7,254
Cash and Cash Equivalents — Beginning of Year	10,561
Cash and Cash Equivalents — End of Year	\$ 17,815
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 1,680
Net Cash Provided by Operating Activities	\$ 1,680

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

NOTES TO THE FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Closter Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent of Schools is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade eight (8) school district.

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Closter Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

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

- GASB Statement No. 101, *Compensated Absences*, was effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.
- GASB Statement No. 102, *Certain Risk Disclosures*, was effective beginning with the fiscal year ending June 30, 2025. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a school district vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a school district's financial condition.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective beginning with the fiscal year ending June 30, 2026. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from school district to school district, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective beginning with the fiscal year ending June 30, 2026. The objective of this Statement is to provide user of governmental financial statements with essential information about certain types of capital assets. The requirements of this Statement will improve financial reporting by provided users of the financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently the District has no fiduciary funds.

District-Wide Financial Statements

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

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

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

The *capital projects fund* accounts for the proceeds from the sale of bonds, financing agreements, grants and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students.

The *laptop insurance program fund* accounts for the non-refundable deposits charged to students to repair and replenish the District's laptop computers provided to each student.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt, acquisitions under financing agreements, leases payable for intangible right-to-use leased assets and subscription arrangements for intangible right-to-use information technology (IT) software assets are reported as other financing sources.

Property taxes, tuition, transportation fees, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements requires management of the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost, except for intangible right-to-use leased assets and intangible right-to-use IT subscription assets. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvements Other than Buildings	5-20
Buildings	50
Building Improvements	10-20
Machinery and Equipment	5-20

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

7. Pensions

In the district-wide financial statements and proprietary fund types in the fund financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B).

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the 2025/2026 original budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2C).

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the 2025/2026 original budget certified for taxes.

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 2D).

Unemployment Compensation Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 4A).

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2025 audited excess surplus that is required to be appropriated in the 2026/2027 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2024 audited excess surplus that was appropriated in the 2025/2026 original budget certified for taxes.

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Arbitrage Rebate – Represent the estimated excess interest earnings on the District’s unspent tax-exempt bond proceeds which maybe rebated to the Federal government.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

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

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board of Education itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Board of Education for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2023-2024 and 2024-2025 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *On-Behalf Payments*

Revenues and expenditures of the general fund include payments made by the State of New Jersey on-behalf of the District for social security, pension, long-term disability insurance and post-retirement medical benefit contributions for District employees enrolled in the Teacher Pension and Annuity Fund (TPAF) retirement system, including on-behalf payments for post-retirement medical contributions for District employees enrolled in the Public Employees Retirement System (PERS).

Revenues and expenses of governmental activities include the State’s proportionate share of the on-behalf actuarial determined pension and post-retirement medical benefit amounts attributable to the District for District employees enrolled in the TPAF retirement system, including the on-behalf actuarial determined post-retirement medical benefit amounts attributable to the District for District employees enrolled in the PERS retirement system.

5. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the laptop insurance program and food service enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The District must prepare its budget in compliance with applicable laws limiting the amount by which the general fund property tax levy can increase in the annual school budget. The 2010 Tax Levy CAP Law is calculated using the formulas and provisions of NJSA 18A:7F-38. The law was originally adopted in 2007 and was most recently amended in 2018. The core of the tax-levy cap calculation is a 2% increase to the previous budget year's general fund tax levy with exceptions only for enrollment increases, increases for certain pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters at a special election. Additionally, school districts can bank the unused tax levy for use in any of the next three (3) succeeding budget years if they were not granted approval to exceed the tax levy cap by the voters. The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Borough of Closter adopted a resolution to move the District's annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required. Effective for the 2025/2026 school year budget, voter approval is not required for budgets that meet levy cap requirements regardless of when the school board member elections are held.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2024/2025. Also, during 2024/2025 the Board increased the original budget of the general fund by \$2,248,065 and the special revenue fund by \$604,034. The increases were funded by the additional appropriation of unassigned fund balance, grant awards, student activity revenues and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations from the general fund of unassigned fund balance of \$610,474.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 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 which are reappropriated and honored during the subsequent fiscal year.

B. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

Funds placed in the capital reserve are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional 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-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2025 is as follows:

Balance, July 1, 2024		\$ 7,034,561
Increased by:		
Deposits Approved by Board Resolution	\$ 1,646,277	
Return of Unencumbered Budget Withdrawals	<u>197,616</u>	
Total Increases		<u>1,843,893</u>
		8,878,454
Decreased by:		
Withdrawals Approved in District Budget		<u>350,000</u>
Balance, June 30, 2025		<u><u>\$ 8,528,454</u></u>

The June 30, 2025 LRFP balance of the total costs of uncompleted capital projects is estimated by management to be \$21,805,500. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the District’s Long Range Facilities Plan. \$900,000 of the capital reserve balance at June 30, 2025 was designated and appropriated for use in the 2025/2026 original budget certified for taxes.

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2025 is as follows:

Balance, July 1, 2024	\$ 813,985
Increased by:	
Deposits Approved by Board Resolution	<u>403,103</u>
	1,217,088
Withdrawals:	
Withdrawals Approved in District Budget	<u>340,000</u>
Balance, June 30, 2025	<u>\$ 877,088</u>

The June 30, 2025 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$877,088. \$340,000 of the maintenance reserve balance at June 30, 2025 was designated and appropriated for use in the 2025/2026 original budget certified for taxes.

D. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2025 is as follows:

Balance, July 1, 2024	<u>\$ 250,000</u>
Balance, June 30, 2025	<u>\$ 250,000</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 in excess of 2% of budget expenditures 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 excess fund balance at June 30, 2025 is \$1,325,000. Of this amount, \$675,000 was designated and appropriated in the 2025/2026 original budget certified for taxes and the remaining amount of \$650,000 will be appropriated in the 2026/2027 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2025, the book value of the Board's deposits were \$15,125,779 and bank and brokerage firm balances of the Board's deposits amounted to \$15,504,823. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 15,398,078
Uninsured and Collateralized	<u>106,745</u>
	<u>\$ 15,504,823</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2025 the Board's bank balance of \$106,745 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 106,745</u>
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**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; 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 “Local Authorities Fiscal Control Law,” (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 school districts; Local Government investment pools; 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2025, the Board had no outstanding investments.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

Receivables as of June 30, 2025 for the District’s individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Non-Major Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
State	\$ 55,721			\$ 55,721
Federal		\$ 39,187	\$ 327	39,514
Accounts	256	8,759	-	9,015
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	55,977	47,946	327	104,250
Less: Allowance for Uncollectibles	<hr/> -	<hr/> -	<hr/> -	<hr/> -
Net Total Receivables	<u>\$ 55,977</u>	<u>\$ 47,946</u>	<u>\$ 327</u>	<u>\$ 104,250</u>

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>\$ 134,165</u>

D. Capital Assets

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

	<u>Balance, July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2025</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 26,600			\$ 26,600
Construction In Progress	1,825,278	\$ 663,095	\$ (1,825,278)	663,095
Total Capital Assets, Not Being Depreciated	<u>1,851,878</u>	<u>663,095</u>	<u>(1,825,278)</u>	<u>689,695</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	25,575,968	4,784,793		30,360,761
Improvements Other Than Buildings	549,887	120,345		670,232
Machinery and Equipment	1,956,859	329,284	(175,391)	2,110,752
Total Capital Assets Being Depreciated	<u>28,082,714</u>	<u>5,234,422</u>	<u>(175,391)</u>	<u>33,141,745</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(14,030,469)	(935,153)		(14,965,622)
Improvements Other Than Buildings	(306,431)	(23,017)		(329,448)
Machinery and Equipment	(1,464,274)	(223,257)	175,391	(1,512,140)
Total Accumulated Depreciation	<u>(15,801,174)</u>	<u>(1,181,427)</u>	<u>175,391</u>	<u>(16,807,210)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,281,540</u>	<u>4,052,995</u>	<u>-</u>	<u>16,334,535</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,133,418</u>	<u>\$ 4,716,090</u>	<u>\$ (1,825,278)</u>	<u>\$ 17,024,230</u>

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2025</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 15,173	-	-	\$ 15,173
Total Capital Assets Being Depreciated	<u>15,173</u>	<u>-</u>	<u>-</u>	<u>15,173</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(15,173)</u>	-	-	<u>(15,173)</u>
Total Accumulated Depreciation	<u>(15,173)</u>	<u>-</u>	<u>-</u>	<u>(15,173)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction	
Regular	\$ <u>153,307</u>
Total Instruction	<u>153,307</u>
Support Services	
Students and Instruction Related Services	47,976
General Administration	590
School Administrative Services	6,659
Plant Operations and Maintenance	<u>972,895</u>
Total Support Services	<u>1,028,120</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,181,427</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2025:

<u>Project</u>	<u>Remaining Commitment</u>
Districtwide Boiler Replacement Project	330,240
HVAC Upgrades	282,630
Districtwide Roof Replacement Project	<u>78,516</u>
Total	<u>\$ 691,386</u>

E. Interfund Receivables, Payables, and Transfers

Interfund Transfers

	<u>Transfer In:</u> General Fund
Transfer Out: Capital Projects Fund	<u>\$ 159,102</u>

The above transfers are the result of revenues earned in one fund which are due to another fund.

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2025 is comprised of the following issue:

\$6,489,000, 2023 School Bonds, due in annual principal installments of \$240,000 to \$370,000 through August 15, 2043 with interest of 1.00% to 4.00%	<u>\$ 6,300,000</u>
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**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

F. Long-Term Debt (Continued)

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2026	\$ 240,000	\$ 219,750	\$ 459,750
2027	255,000	217,275	472,275
2028	265,000	214,675	479,675
2029	275,000	211,975	486,975
2030	290,000	204,800	494,800
2031-2035	1,660,000	835,000	2,495,000
2036-2040	1,835,000	480,100	2,315,100
2041-2044	<u>1,480,000</u>	<u>118,400</u>	<u>1,598,400</u>
Total	<u>\$ 6,300,000</u>	<u>\$ 2,501,975</u>	<u>\$ 8,801,975</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2025 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 85,725,912
Less: Net Debt Issued and Authorized But Not Issued	<u>6,300,700</u>
Remaining Borrowing Power	<u>\$ 79,425,212</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2025, was as follows:

	<u>Balance,</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2025</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 6,489,000		\$ 189,000	\$ 6,300,000	\$ 240,000
Compensated Absences	333,836	\$ 138,589	21,070	451,355	25,000
Net Pension Liability	<u>2,851,527</u>	<u>-</u>	<u>280,163</u>	<u>2,571,364</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 9,674,363</u>	<u>\$ 138,589</u>	<u>\$ 490,233</u>	<u>\$ 9,322,719</u>	<u>\$ 265,000</u>

For the governmental activities, the liabilities for net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims. NESBIG also provides insured coverage (multi-peril) to its member school districts.

The relationship between the Board and the Group is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of NESBIG are on file with the School's Business Administrator.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

Fiscal Year Ended <u>June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2025	None	\$ 71,380	\$ 63,438	\$ 177,845
2024	None	46,034	33,074	177,845
2023	None	45,886	39,399	177,845

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2025, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2025, the District has estimated its arbitrage earnings that maybe due to the IRS and has assigned fund balance of \$18,053 in the General Fund for arbitrage rebate.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at www.nj.gov/treasury/pensions/annual-reports.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

Teachers’ Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at www.nj.gov/treasury/pensions/annual-reports.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members’ beneficiaries are entitled to full interest credited to the members’ accounts.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The following represent 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 tier 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 reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 retirement age for their respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.nj.gov/treasury/pensions.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Empower Retirement (formerly Prudential) is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.nj.gov/treasury/doinvest.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2024 is \$13.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 68.22%. The collective net pension liability of the State funded TPAF at June 30, 2024 is \$49.5 billion and the plan fiduciary net position as a percentage of total pension liability is 37.99%.

The total pension liabilities for the June 30, 2024 measurement date were determined based on actuarial valuations as of July 1, 2023 which were rolled forward to June 30, 2024.

Actuarial Methods and Assumptions

In the July 1, 2023 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2024.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2024 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was more than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2025, 2024 and 2023 were equal to the required contributions.

During the fiscal years ended June 30, 2025, 2024 and 2023 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively, for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2025	\$ 257,502	\$ 3,649,429	\$ 50,246
2024	263,121	4,010,010	45,366
2023	245,827	3,661,502	37,312

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2025, 2024 and 2023 the State contributed \$1,596 \$1,676 and \$1,276, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$867,060 during the fiscal year ended June 30, 2025 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2023 through June 30, 2024. Employer allocation percentages have been rounded for presentation purposes. Contributions from employers are recognized when due based on statutory requirements.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense/(benefit) are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2024 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2024.

At June 30, 2025, the District reported in the statement of net position (accrual basis) a liability of \$2,571,364 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2024. At June 30, 2024, the District's proportionate share was .01892 percent, which was an decrease of .00077 percent from its proportionate share measured as of June 30, 2023 of .01969 percent.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2025, the District recognized in the district-wide statement of activities (accrual basis) pension expense/(benefit) of \$(22,961) for PERS. The pension contribution made by the District during the current 2023/2024 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2025 with a measurement date of the prior fiscal year end of June 30, 2024. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2025 for contributions made subsequent to the measurement date. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 51,509	\$ 6,846
Changes of Assumptions	3,194	29,256
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		119,227
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>19,956</u>	<u>204,121</u>
Total	<u>\$ 74,659</u>	<u>\$ 359,450</u>

At June 30, 2025, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2026	\$ (195,661)
2027	35,110
2028	(72,068)
2029	(51,044)
2030	(1,128)
Thereafter	<u>-</u>
	<u>\$ (284,791)</u>

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans 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 the PERS’s target asset allocation as of June 30, 2024 are summarized in the following table:

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

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

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

Sensitivity of Net Pension Liability

The following presents the District’s proportionate share of the PERS net pension liability as of the June 30, 2024 measurement date calculated using the discount rate of 7.00, as well as what the District’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ 3,416,711	\$ 2,571,364	\$ 1,851,979

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2024. A sensitivity analysis specific to the District’s net pension liability at June 30, 2024 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.nj.gov/treasury/pensions.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The non-employer allocation percentages presented are based on the ratio of the State's actual contributions made as an employer and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2023 through June 30, 2024. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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. For the fiscal year ended June 30, 2023, the State's pension contribution was more than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2025, the District recognized in the district-wide statement of activities (accrual basis) pension expense/(benefit) of \$(167,749) for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2025 the State's proportionate share of the net pension liability attributable to the District is \$45,985,692. The net pension liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2024. At June 30, 2024, the State's share of the net pension liability attributable to the District was .09304 percent, which was an increase of .00470 percent from its proportionate share measured as of June 30, 2023 of .08834 percent.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

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%

Mortality Rates

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the TPAF's target asset allocation as of June 30, 2024 are summarized in the following table:

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

Discount Rate

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of Net Pension Liability

The following presents the State’s proportionate share of the TPAF net pension liability attributable to the District as of the June 30, 2024 measurement date calculated using the discount rate of 7.00%, as well as what the State’s proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00% percent) or 1-percentage-point higher (8.00% percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 54,660,505</u>	<u>\$ 45,985,692</u>	<u>\$ 38,679,860</u>

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2024. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2024 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.nj.gov/treasury/pensions.

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS, the Police and Firemen Retirement System (PFRS) or Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

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

Plan Membership

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

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

Measurement Focus and Basis of Accounting

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

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2024 is \$59.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2024 were determined based on actuarial valuations as of July 1, 2023 which were rolled forward to June 30, 2024.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the July 1, 2023 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.50 billion to the OPEB plan in fiscal year 2024.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2025, 2024 and 2023 were \$1,066,366, \$1,091,378 and \$961,868, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2023 through June 30, 2024. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2025, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,642,397. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2025 the State's proportionate share of the OPEB liability attributable to the District is \$39,746,717. The State's proportionate share of the OPEB liability attributable to the District was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2024 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2024. At June 30, 2024, the state's share of the OPEB liability attributable to the District was .06663 percent, which was an increase of .00087 percent from its proportionate share measured as of June 30, 2023 of .06576 percent.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The OPEB 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.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55% Based on Years of Service	2.75% to 5.65% Based on Years of Service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

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

Health Care Trend Assumptions

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

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Discount Rate

The discount rate for June 30, 2024 was 3.93%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

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

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2023 Measurement Date	\$ <u>34,433,637</u>
Changes Recognized for the Fiscal Year:	
Service Cost	1,507,321
Interest on the Total OPEB Liability	1,308,368
Differences Between Expected and Actual Experience	488,816
Changes of Assumptions	2,973,583
Gross Benefit Payments	(999,222)
Contributions from the Member	34,214
Net Changes	\$ <u>5,313,080</u>
Balance, June 30, 2024 Measurement Date	\$ <u><u>39,746,717</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2024.

**CLOSTER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State’s proportionate share of the OPEB liability attributable to the District as of the June 30, 2024 measurement date calculated using the discount rate of 3.65%, as well as what the State’s proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease <u>(2.93%)</u>	Current Discount Rate <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 46,551,918</u>	<u>\$ 39,746,717</u>	<u>\$ 34,273,923</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State’s proportionate share of the OPEB liability attributable to the District as of the June 30, 2024 measurement date calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% <u>Decrease</u>	Healthcare Cost Trend <u>Rates</u>	1% <u>Increase</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 33,109,305</u>	<u>\$ 39,746,717</u>	<u>\$ 48,392,385</u>

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2024. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2024 were not provided by the pension system.

F. Tax Abatements

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

For the year ended December 31, 2024, the Borough provided property tax abatements through the New Jersey Housing and Mortgage Financing Act.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 OTHER INFORMATION (Continued)

F. Tax Abatements (Continued)

The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the year ended December 31, 2024 the Borough abated property taxes totaling \$204,054 under the NJHMFA program of which \$80,426 represents the District's share.

G. Subsequent Events

Appropriation of Fund Balance

On August 6, 2025 the Board approved the appropriation of an additional \$512,120 of General Fund unassigned fund balance to the 2025/2026 budget.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 22,967,866		\$ 22,967,866	\$ 22,967,866	
Tuition from Individuals	226,480		226,480	276,183	\$ 49,703
Transportation Fees from Individuals				17,500	17,500
Interest Earned				489,548	489,548
Interest - Maintenance Reserve	150		150		(150)
Interest - Capital Reserve	850		850		(850)
Miscellaneous	275,000	-	275,000	84,985	(190,015)
Total Local Sources	23,470,346	-	23,470,346	23,836,082	365,736
State Sources					
Special Education Aid	1,399,363		1,399,363	1,399,363	
Security Aid	114,037		114,037	114,037	
Transportation Aid	93,632		93,632	93,632	
Extraordinary Aid				498,703	498,703
Nonpublic Transportation Reimbursement				13,417	13,417
On-Behalf TPAF Contributions (Non-Budgeted):					
Pension Benefit Contribution				3,604,775	3,604,775
Pension - NCGI Premium				44,654	44,654
Post-Retirement Medical Benefit Contribution				1,066,366	1,066,366
Long-Term Disability Insurance Premium				1,596	1,596
Reimbursed Social Security Contributions	-	-	-	867,060	867,060
Total State Sources	1,607,032	-	1,607,032	7,703,603	6,096,571
Total Revenues	25,077,378	-	25,077,378	31,539,685	6,462,307
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	94,550	\$ 4,000	98,550	96,747	1,803
Kindergarten	596,652	(28,000)	568,652	546,303	22,349
Grades 1-5	3,444,432	(15,800)	3,428,632	3,391,770	36,862
Grades 6-8	2,232,019	(35,000)	2,197,019	2,176,609	20,410
Regular Programs - Home Instruction					
Salaries of Teachers	7,000	9,000	16,000	11,262	4,738
Purchased Professional/Educational Services	3,000	-	3,000		3,000
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	285,401	38,500	323,901	250,552	73,349
Purchased Professional/Educational Services	16,700	2,000	18,700	9,000	9,700
Purchased Technical Services	114,300	(28,815)	85,485	43,767	41,718
Other Purchased Services	221,137	31,100	252,237	225,026	27,211
General Supplies	150,118	651,907	802,025	707,920	94,105
Textbooks	65,921	135,456	201,377	149,957	51,420
Other Objects	18,000	10,000	28,000	22,229	5,771
Total Regular Programs	7,249,230	774,348	8,023,578	7,631,142	392,436
Learning and/or Language Disabilities					
Salaries of Teachers	459,499	83,450	542,949	528,128	14,821
Other Salaries for Instruction	89,546	(52,000)	37,546	32,832	4,714
Other Purchased Services	2,500	7,000	9,500	8,492	1,008
General Supplies	1,250	7,750	9,000	7,438	1,562
Total Learning and/or Language Disabilities	552,795	46,200	598,995	576,890	22,105

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Emotional Regulation Impairment					
Salaries of Teachers	\$ 138,573	\$ 10,900	\$ 149,473	\$ 147,536	\$ 1,937
Other Salaries for Instruction	23,533	3,850	27,383	24,756	2,627
General Supplies	250	2,510	2,760	2,209	551
Total Emotional Regulation Impairment	162,356	17,260	179,616	174,501	5,115
Resource Room/Resource Center					
Salaries of Teachers	1,502,582	(4,000)	1,498,582	1,484,597	13,985
General Supplies	4,250	10,400	14,650	12,831	1,819
Total Resource Room/Resource Center	1,506,832	6,400	1,513,232	1,497,428	15,804
Preschool Disabilities - Full-Time					
Salaries of Teachers	246,647	7,800	254,447	247,564	6,883
Other Salaries for Instruction	151,818	(31,400)	120,418	104,820	15,598
Other Purchased Services		3,450	3,450	3,359	91
General Supplies	1,300	600	1,900	1,590	310
Total Preschool Disabilities - Full-Time	399,765	(19,550)	380,215	357,333	22,882
Total Special Education	2,621,748	50,310	2,672,058	2,606,152	65,906
Basic Skills/Remedial					
Salaries of Teachers	510,386	2,000	512,386	502,118	10,268
General Supplies	1,250	3,452	4,702	4,498	204
Total Basic Skills/Remedial	511,636	5,452	517,088	506,616	10,472
Bilingual Education					
Other Salaries for Instruction	455,798	(14,500)	441,298	419,370	21,928
General Supplies	1,550	6,495	8,045	5,507	2,538
Textbooks	-	13,300	13,300	13,300	-
Total Bilingual Education	457,348	5,295	462,643	438,177	24,466
School Sponsored Co/Extra Curricular Activities-Instruction					
Salaries	72,839	15,000	87,839	58,343	29,496
Supplies and Materials	1,000	-	1,000	155	845
Other Objects	2,500	21,000	23,500	16,139	7,361
Total School Sponsored Co/Extra Curricular Activities-Instruction	76,339	36,000	112,339	74,637	37,702
School Sponsored Athletics-Instruction					
Salaries	30,319	-	30,319	27,257	3,062
Purchased Services	5,000	1,000	6,000	5,432	568
Supplies and Materials	1,800	6,788	8,588	7,367	1,221
Other Objects	700	-	700	465	235
Total School Sponsored Athletics-Instruction	37,819	7,788	45,607	40,521	5,086
Before/After School Programs - Instruction					
Salaries of Teachers	20,000	22,000	42,000	26,608	15,392
Total Before/After School Programs - Instruction	20,000	22,000	42,000	26,608	15,392
Summer School-Instruction					
Salaries of Teachers	23,000	(5,800)	17,200	6,175	11,025
Other Salaries for Instruction	9,500	-	9,500	7,905	1,595
Total Summer School-Instruction	32,500	(5,800)	26,700	14,080	12,620
Summer School-Support Services					
Salaries	8,000	(3,800)	4,200	2,550	1,650
Total Summer School-Support Services	8,000	(3,800)	4,200	2,550	1,650
Total Instruction	11,014,620	891,593	11,906,213	11,340,483	565,730

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/in State - Regular		\$ 11,651	\$ 11,651	\$ 3,930	\$ 7,721
Tuition to Other LEAs w/in State - Special	\$ 1,444,813	(317,651)	1,127,162	954,777	172,385
Tuition to CSSD and Regional Day Schools	165,328	-	165,328	133,009	32,319
Tuition to APSSD - W/I State	440,663	193,000	633,663	490,755	142,908
Total Undistributed Expenditures - Instruction	2,050,804	(113,000)	1,937,804	1,582,471	355,333
Attendance and Social Work					
Salaries	95,525	-	95,525	94,008	1,517
Purchased Professional and Technical Services	8,400	-	8,400	8,400	-
Total Attendance and Social Work	103,925	-	103,925	102,408	1,517
Health Services					
Salaries	188,299	(4,000)	184,299	177,620	6,679
Purchased Professional and Technical Services	4,400	-	4,400	4,000	400
Other Purchased Services	10,000	12,100	22,100	16,304	5,796
Supplies and Materials	9,000	2,100	11,100	9,065	2,035
Total Health Services	211,699	10,200	221,899	206,989	14,910
Speech, OT, PT & Related Services					
Salaries	491,797	16,500	508,297	462,397	45,900
Purchased Professional-Educational Services	2,500	-	2,500	450	2,050
Other Purchased Services	1,000	-	1,000	1,000	-
Supplies and Materials	2,000	220	2,220	981	1,239
Total Speech, OT, PT & Related Services	497,297	16,720	514,017	463,828	50,189
Other Support Services - Students - Extra Services					
Salaries	974,162	(31,000)	943,162	906,131	37,031
Purchased Professional-Educational Services	556,843	(76,356)	480,487	311,129	169,358
Supplies and Materials	3,000	(700)	2,300	-	2,300
Other Objects	500	-	500	350	150
Total Other Supp. Serv. Student - Extra Services	1,534,505	(108,056)	1,426,449	1,217,610	208,839
Other Supp. Serv. - Students - Regular (Guidance)					
Salaries of Other Professional Staff	355,836	1,000	356,836	353,233	3,603
Purchased Professional Technical Services	6,000	-	6,000	6,000	-
Purchased Professional-Educational Services	30,000	-	30,000	25,000	5,000
Supplies and Materials	1,400	-	1,400	1,023	377
Other Objects	700	-	700	214	486
Total Guidance	393,936	1,000	394,936	385,470	9,466
Child Study Teams					
Salaries of Other Professional Staff	480,602	19,000	499,602	496,174	3,428
Salaries of Secretarial and Clerical Assistants	112,290	1,800	114,090	108,250	5,840
Purchased Professional-Educational Services	92,800	62,563	155,363	125,099	30,264
Other Purchased Professional and Technical Services	16,700	-	16,700	6,932	9,768
Other Purchased Services	500	4,000	4,500	3,819	681
Supplies and Materials	4,600	2,197	6,797	6,141	656
Other Objects	1,800	2,200	4,000	3,740	260
Total Child Study Teams	709,292	91,760	801,052	750,155	50,897
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	70,520	-	70,520	70,519	1
Salaries of Other Professional Staff	28,500	-	28,500	11,839	16,661
Purchased Professional-Educational Services	62,000	(9,000)	53,000	49,284	3,716
Other Purchased Professional and Technical Services	3,000	-	3,000	-	3,000
Other Purchased Services	500	-	500	-	500
Supplies and Materials	500	-	500	15	485
Other Objects	800	-	800	-	800
Total Improvement of Instructional Services	165,820	(9,000)	156,820	131,657	25,163

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media/School Library					
Salaries - Regular	\$ 192,908	\$ (14,000)	\$ 178,908	\$ 162,573	\$ 16,335
Purchased Professional and Technical Services	3,500	-	3,500	3,122	378
Other Purchased Services	8,000	-	8,000	5,889	2,111
Supplies and Materials	6,700	2,000	8,700	5,305	3,395
Total Educational Media/School Library	211,108	(12,000)	199,108	176,889	22,219
Instructional Staff Training Services					
Salaries of Supervisor of Instruction		19,500	19,500	15,771	3,729
Purchased Professional-Educational Services	42,000	(7,000)	35,000	30,015	4,985
Other Purchased Professional and Technical Services	14,000	37,535	51,535	35,885	15,650
Other Purchased Services	11,500	-	11,500	5,701	5,799
Supplies and Materials	5,000	-	5,000	1,879	3,121
Total Instructional Staff Training Services	72,500	50,035	122,535	89,251	33,284
Support Services General Administration					
Salaries	318,331	1,690	320,021	319,019	1,002
Legal Services	41,000	(8,600)	32,400	12,044	20,356
Audit Fees	34,000	-	34,000	30,500	3,500
Other Purchased Professional Services	19,000	310	19,310	13,615	5,695
Purchased Technical Services	4,500	6,100	10,600	7,998	2,602
Insurance	36,915	(2,169)	34,746	34,718	28
Communications/Telephone	34,000	16,509	50,509	45,596	4,913
BOE Other Purchased Services	4,000	3,000	7,000	6,153	847
Miscellaneous Purchased Services	9,000	19,200	28,200	16,673	11,527
General Supplies	3,000	-	3,000	1,671	1,329
BOE In-House Training/Meeting Supplies	1,750	2,000	3,750	2,580	1,170
Miscellaneous Expenditures	5,000	3,500	8,500	4,145	4,355
BOE Membership Dues and Fees	10,800	-	10,800	10,457	343
Total Support Services General Administration	521,296	41,540	562,836	505,169	57,667
Support Services School Administration					
Salaries of Principals/Asst. Principals	544,128	(8,067)	536,061	527,786	8,275
Salaries of Other Professional Staff	147,000	-	147,000	142,000	5,000
Salaries of Secretarial and Clerical Assistants	148,918	-	148,918	148,918	-
Purchased Professional and Technical Services	2,000	4,200	6,200	4,194	2,006
Other Purchased Services	11,500	21,200	32,700	26,108	6,592
Supplies and Materials	9,000	40,289	49,289	36,066	13,223
Other Objects	18,000	9,500	27,500	21,523	5,977
Total Support Services School Administration	880,546	67,122	947,668	906,595	41,073
Central Services					
Salaries	376,105	-	376,105	370,872	5,233
Purchased Technical Services	27,250	1,600	28,850	27,413	1,437
Miscellaneous Purchased Services	10,000	15,500	25,500	7,530	17,970
Supplies and Materials	3,000	15,000	18,000	11,612	6,388
Miscellaneous Expenditures	3,300	4,900	8,200	1,560	6,640
Total Central Services	419,655	37,000	456,655	418,987	37,668
Admin. Info. Tech.					
Salaries	123,201	700	123,901	123,861	40
Purchased Technical Services	39,070	(700)	38,370	28,128	10,242
Other Purchased Services	1,500	-	1,500	826	674
Supplies and Materials	6,000	5,000	11,000	6,843	4,157
Other Objects	500	-	500	50	450
Total Admin. Info. Tech.	170,271	5,000	175,271	159,708	15,563

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 177,674	-	\$ 177,674	\$ 176,277	\$ 1,397
Cleaning, Repair and Maintenance Services	148,000	\$ 58,317	206,317	148,102	58,215
Other Purchased Services	6,200	(435)	5,765	4,173	1,592
General Supplies	62,000	7,839	69,839	29,952	39,887
Other Objects	2,500	600	3,100	2,613	487
Total Required Maintenance for School Facilities	<u>396,374</u>	<u>66,321</u>	<u>462,695</u>	<u>361,117</u>	<u>101,578</u>
Custodial Services					
Salaries	573,140	44,000	617,140	565,685	51,455
Salaries of Non-Instructional Aides	135,437	(3,000)	132,437	121,874	10,563
Purchased Professional and Technical Services	8,400	-	8,400	600	7,800
Cleaning, Repair and Maintenance Services	16,000	-	16,000	13,875	2,125
Other Purchased Property Services	22,600	4,000	26,600	20,035	6,565
Insurance	279,074	(3,000)	276,074	273,864	2,210
Miscellaneous Purchased Services	500	-	500	-	500
General Supplies	47,000	27,401	74,401	68,655	5,746
Energy (Natural Gas)	175,000	(55,000)	120,000	79,959	40,041
Energy (Electricity)	270,000	(4,000)	266,000	173,893	92,107
Energy (Gasoline)	8,000	-	8,000	2,557	5,443
Other Objects	3,500	(1,500)	2,000	-	2,000
Total Custodial Services	<u>1,538,651</u>	<u>8,901</u>	<u>1,547,552</u>	<u>1,320,997</u>	<u>226,555</u>
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Service	79,800	15,000	94,800	73,953	20,847
General Supplies	7,000	-	7,000	2,428	4,572
Total Care and Upkeep of Grounds	<u>86,800</u>	<u>15,000</u>	<u>101,800</u>	<u>76,381</u>	<u>25,419</u>
Security					
Purchased Professional and Technical Services	7,320	(2,000)	5,320	2,230	3,090
Cleaning, Repair and Maintenance Service	10,000	(3,000)	7,000	-	7,000
General Supplies	9,000	69,693	78,693	67,492	11,201
Total Security	<u>26,320</u>	<u>64,693</u>	<u>91,013</u>	<u>69,722</u>	<u>21,291</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	15,302	-	15,302	9,506	5,796
Contracted Services (Aid In Lieu of Payments) - Non-Public Schools	50,000	(12,000)	38,000	27,306	10,694
Contracted Services (Between Home and School) - Vendors	89,000	16,000	105,000	89,029	15,971
Contracted Services (Other Than Between Home and School) - Vendors	34,000	-	34,000	18,225	15,775
Contracted Services (Between Home and School) - Joint Agreements	24,000	-	24,000	16,586	7,414
Contracted Services (Special Education Students) - Joint Agreements	509,000	(40,470)	468,530	400,197	68,333
Total Student Transportation Services	<u>721,302</u>	<u>(36,470)</u>	<u>684,832</u>	<u>560,849</u>	<u>123,983</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	278,120	-	278,120	269,210	8,910
Other Retirement Contributions - PERS	298,500	(17,000)	281,500	263,514	17,986
Other Retirement Contribution - DCRP	33,000	23,000	56,000	50,246	5,754
Worker's Compensation	101,962	(22,420)	79,542	69,927	9,615
Health Benefits	3,592,134	(510,892)	3,081,242	2,812,314	268,928
Tuition Reimbursement	15,000	-	15,000	13,756	1,244
Other Employee Benefits	7,000	10,920	17,920	7,721	10,199
Unused Sick Payment to Terminated/Retired Staff	25,000	16,100	41,100	21,070	20,030
Total Unallocated Benefits	<u>4,350,716</u>	<u>(500,292)</u>	<u>3,850,424</u>	<u>3,507,758</u>	<u>342,666</u>

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
On-Behalf TPAF Contributions (Non-Budgeted)					
Pension Benefit Contribution				\$ 3,604,775	\$ (3,604,775)
Pension - NCGI Premium				44,654	(44,654)
Post-Retirement Medical Benefit Contribution				1,066,366	(1,066,366)
Long-Term Disability Insurance Premium				1,596	(1,596)
Reimbursed Social Security Contributions	-	-	-	867,060	(867,060)
Total On-Behalf TPAF Contributions	-	-	-	5,584,451	(5,584,451)
Total Undistributed Expenditures	\$ 15,062,817	\$ (303,526)	\$ 14,759,291	18,578,462	(3,819,171)
Interest Deposit to Maintenance Reserve	150	-	150	-	150
Total Current Expenditures	26,077,587	588,067	26,665,654	29,918,945	(3,253,291)
CAPITAL OUTLAY					
EQUIPMENT					
Instruction					
Grades 1-5	5,000	138,840	143,840	143,840	-
Grades 6-8	5,000	2,277	7,277	7,277	-
School Sponsored and Other Instructional Programs					
Undistributed Expenditures - School Administration		10,852	10,852	7,850	3,002
Undistributed Expenditures - Administrative Information Technology	14,000	12,924	26,924	3,218	23,706
Undistributed Expenditures - Required Maintenance for School Facilities		11,602	11,602	11,602	-
Undistributed Expenditures - Custodial Services		2,237	2,237	2,237	-
Undistributed Expenditures - Security		3,565	3,565	2,715	850
Undistributed Expenditures - Athletics	-	21,944	21,944	21,944	-
Total Equipment	24,000	204,241	228,241	200,683	27,558
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		17,606	17,606	7,564	10,042
Construction Services	290,000	1,438,151	1,728,151	1,553,714	174,437
Supplies & Materials	60,000	-	60,000	46,863	13,137
Assessment for Debt Service on SDA Funding	14,941	-	14,941	14,941	-
Total Facilities Acquisition and Construction Services	364,941	1,455,757	1,820,698	1,623,082	197,616
Interest Deposit to Capital Reserve	850	-	850	-	850
Total Capital Outlay	389,791	1,659,998	2,049,789	1,823,765	226,024
Total General Fund Expenditures	\$ 26,467,378	\$ 2,248,065	\$ 28,715,443	\$ 31,742,710	\$ (3,027,267)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (1,390,000)	\$ (2,248,065)	\$ (3,638,065)	\$ (203,025)	\$ 3,435,040
Other Financing Sources (Uses)					
Transfer In - Capital Projects Fund	-	-	-	159,102	159,102
Total Other Financing Sources (Uses)	-	-	-	159,102	159,102

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	\$ (1,390,000)	\$ (2,248,065)	\$ (3,638,065)	\$ (43,923)	\$ 3,594,142
Fund Balance, Beginning of Year	12,378,262	-	12,378,262	12,378,262	-
Fund Balance, End of Year	\$ 10,988,262	\$ (2,248,065)	\$ 8,740,197	\$ 12,334,339	\$ 3,594,142
Recapitulation					
Restricted:					
Capital Reserve				\$ 7,628,454	
Capital Reserve - Designated for Subsequent Year's Expenditures				900,000	
Maintenance Reserve				537,088	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				340,000	
Emergency Reserve				250,000	
Unemployment Compensation Reserve				177,845	
Excess Surplus				650,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				675,000	
Committed:					
Year-End Encumbrances				26,708	
Assigned:					
Year-End Encumbrances				95,906	
Arbitrage Rebate				18,053	
Unassigned Fund Balance				1,035,285	
				12,334,339	
Reconciliation to Governmental Fund Statements (GAAP)					
Less: State Aid Revenue Not Recognized on the GAAP Basis				(644,406)	
Fund Balance, Governmental Statements (GAAP Basis)				\$ 11,689,933	

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 296,500	\$ 188,274	\$ 484,774	\$ 484,774	\$ -
State Sources	13,000	6,787	19,787	19,787	-
Local Sources	75,500	408,973	484,473	452,112	(32,361)
Total Revenues	<u>385,000</u>	<u>604,034</u>	<u>989,034</u>	<u>956,673</u>	<u>(32,361)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	68,200	51,363	119,563	112,084	7,479
Purchased Professional Technical Services	13,000	24,037	37,037	37,037	-
Tuition	203,000	35,297	238,297	238,297	-
Textbooks	4,000	(932)	3,068	3,068	-
Supplies and Materials	1,300	18,870	20,170	20,170	-
Miscellaneous Expenditures	2,000	41,750	43,750	43,750	-
Co-Curricular/Extra-Curricular Activities	500	293,271	293,771	293,771	-
Total Instruction	<u>292,000</u>	<u>463,656</u>	<u>755,656</u>	<u>748,177</u>	<u>7,479</u>
Support Services:					
Salaries		584	584	584	-
Personal Services-Employee Benefits	24,000	17,368	41,368	34,016	7,352
Purchased Professional Technical Services	9,000	28,173	37,173	13,779	23,394
Cleaning, Repair and Maintenance Services		-		-	-
Other Purchased Services	60,000	-	60,000	60,000	-
Supplies and Materials	-	33,177	33,177	33,177	-
Total Support Services	<u>93,000</u>	<u>79,302</u>	<u>172,302</u>	<u>141,556</u>	<u>30,746</u>
Capital Outlay					
Construction Services		-		-	-
Non-Instructional Equipment	-	61,076	61,076	61,076	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>61,076</u>	<u>61,076</u>	<u>61,076</u>	<u>-</u>
Total Expenditures	<u>385,000</u>	<u>604,034</u>	<u>989,034</u>	<u>950,809</u>	<u>38,225</u>
Excess of Revenues Over Expenditures	-	-	-	5,864	5,864
Fund Balance, July 1	<u>94,420</u>	<u>-</u>	<u>94,420</u>	<u>94,420</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 94,420</u>	<u>\$ -</u>	<u>\$ 94,420</u>	<u>\$ 100,284</u>	<u>\$ 5,864</u>
Recapitulation of Fund Balance					
Restricted Fund Balances					
Student Activities				<u>\$ 100,284</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of 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. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 31,539,685	\$ 956,673
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2024		-
Encumbrances, June 30, 2025		-
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes - Prior Year	725,610	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(644,406)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 31,620,889</u>	<u>\$ 956,673</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 31,742,710	\$ 950,809
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2024		-
Encumbrances, June 30, 2025	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 31,742,710</u>	<u>\$ 950,809</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION
AND
OTHER POST-EMPLOYMENT BENEFITS INFORMATION

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years *

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's Proportionate Share of the Net Position Liability (Asset)	0.01892%	0.01969%	0.01949%	0.02049%	0.02120%	0.02114%	0.02085%	0.02108%	0.02109%	0.02283%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,571,364</u>	<u>\$ 2,851,527</u>	<u>\$ 2,941,893</u>	<u>\$ 2,427,270</u>	<u>\$ 3,458,070</u>	<u>\$ 3,809,331</u>	<u>\$ 4,104,566</u>	<u>\$ 4,906,944</u>	<u>\$ 6,245,235</u>	<u>\$ 5,125,484</u>
District's Covered Payroll	<u>\$ 1,560,082</u>	<u>\$ 1,538,525</u>	<u>\$ 1,480,893</u>	<u>\$ 1,423,038</u>	<u>\$ 1,473,795</u>	<u>\$ 1,489,893</u>	<u>\$ 1,471,224</u>	<u>\$ 1,401,879</u>	<u>\$ 1,450,556</u>	<u>\$ 1,444,539</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165%	185%	199%	171%	235%	256%	279%	350%	431%	355%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 257,502	\$ 263,121	\$ 245,827	\$ 239,954	\$ 231,978	\$ 205,642	\$ 207,355	\$ 195,278	\$ 187,330	\$ 196,300
Contributions in Relation to the Contractually Required Contributions	<u>257,502</u>	<u>263,121</u>	<u>245,827</u>	<u>239,954</u>	<u>231,978</u>	<u>205,642</u>	<u>207,355</u>	<u>195,278</u>	<u>187,330</u>	<u>196,300</u>
Contribution Deficiency (Excess)	<u>\$ -</u>									
District's Covered Payroll	<u>\$ 1,526,257</u>	<u>\$ 1,560,082</u>	<u>\$ 1,538,525</u>	<u>\$ 1,480,893</u>	<u>\$ 1,423,038</u>	<u>\$ 1,473,795</u>	<u>\$ 1,489,893</u>	<u>\$ 1,471,224</u>	<u>\$ 1,401,879</u>	<u>\$ 1,450,556</u>
Contributions as a Percentage of Covered Payroll	16.87%	16.87%	15.98%	16.20%	16.30%	13.95%	13.92%	13.27%	13.36%	13.53%

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

TEACHERS PENSION AND ANNUITY FUND
Last Ten Fiscal Years *

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>45,985,692</u>	<u>45,082,324</u>	<u>47,011,593</u>	<u>47,019,797</u>	<u>63,389,956</u>	<u>55,710,729</u>	<u>59,263,312</u>	<u>62,614,967</u>	<u>73,284,063</u>	<u>57,612,766</u>
Total	<u>\$ 45,985,692</u>	<u>\$ 45,082,324</u>	<u>\$ 47,011,593</u>	<u>\$ 47,019,797</u>	<u>\$ 63,389,956</u>	<u>\$ 55,710,729</u>	<u>\$ 59,263,312</u>	<u>\$ 62,614,967</u>	<u>\$ 73,284,063</u>	<u>\$ 57,612,766</u>
District's Covered Payroll	<u>\$ 11,114,671</u>	<u>\$ 10,443,803</u>	<u>\$ 10,789,557</u>	<u>\$ 10,283,089</u>	<u>\$ 10,391,285</u>	<u>\$ 10,476,985</u>	<u>\$ 10,258,151</u>	<u>\$ 9,698,834</u>	<u>\$ 9,481,470</u>	<u>\$ 9,317,249</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	37.99%	34.68%	32.29%	35.52%	24.60%	26.95%	26.48%	25.41%	22.33%	28.74%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Eight Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	\$ 1,507,321	\$ 1,474,689	\$ 1,949,462	\$ 2,259,882	\$ 1,267,641	\$ 1,136,599	\$ 1,285,262	\$ 1,568,114
Interest on the Total OPEB Liability	1,308,368	1,212,711	889,327	1,051,452	983,833	1,180,556	1,245,270	1,068,374
Changes in Benefit Terms				(43,142)				
Differences Between Expected and Actual Experience	488,816	(967,044)	41,901	(6,992,959)	8,085,089	(4,463,907)	(2,455,140)	
Changes of Assumptions	2,973,583	69,404	(9,002,269)	39,988	8,223,333	405,831	(3,416,287)	(4,475,998)
Gross Benefit Payments	(999,222)	(945,328)	(880,905)	(828,250)	(783,735)	(835,529)	(796,046)	(661,790)
Contribution from the Member	34,214	31,077	28,260	26,880	23,755	24,767	27,513	24,369
Net Change in Total OPEB Liability	5,313,080	875,509	(6,974,224)	(4,486,149)	17,799,916	(2,551,683)	(4,109,428)	(2,476,931)
Total OPEB Liability - Beginning	<u>34,433,637</u>	<u>33,558,128</u>	<u>40,532,352</u>	<u>45,018,501</u>	<u>27,218,585</u>	<u>29,770,268</u>	<u>33,879,696</u>	<u>36,356,627</u>
Total OPEB Liability - Ending	<u>\$ 39,746,717</u>	<u>\$ 34,433,637</u>	<u>\$ 33,558,128</u>	<u>\$ 40,532,352</u>	<u>\$ 45,018,501</u>	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
District's Proportionate Share	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share	<u>\$ 39,746,717</u>	<u>\$ 34,433,637</u>	<u>\$ 33,558,128</u>	<u>\$ 40,532,352</u>	<u>\$ 45,018,501</u>	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
Total OPEB Liability - Ending	<u>\$ 39,746,717</u>	<u>\$ 34,433,637</u>	<u>\$ 33,558,128</u>	<u>\$ 40,532,352</u>	<u>\$ 45,018,501</u>	<u>\$ 27,218,585</u>	<u>\$ 29,770,268</u>	<u>\$ 33,879,696</u>
Covered Payroll	<u>\$ 12,674,753</u>	<u>\$ 11,982,328</u>	<u>\$ 12,270,450</u>	<u>\$ 11,706,127</u>	<u>\$ 11,865,080</u>	<u>\$ 11,966,878</u>	<u>\$ 11,729,375</u>	<u>\$ 11,100,713</u>
District's Proportionate Share of OPEB Liability as a Percentage of Covered Payroll:	0%	0%	0%	0%	0%	0%	0%	0%

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

*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CLOSTER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	E.S.E.A.		I. D. E. A.		NJ High Impact Tutoring	Nonpublic State Aid		Auxiliary Serv. (Chapter 192)		Handicapped Serv. (Chapter 193)			Total Exhibit E-1a	Grand Total
	Title I Part A	Part B Basic	Part B Preschool			Textbook	Technology	Compensatory Education	E.S.L.	Examination & Classification	Supplementary Instruction	Corrective Speech		
REVENUES:														
Federal Sources	\$ 105,329	\$ 286,017	\$ 12,280	\$ 31,920								\$ 49,228	\$ 484,774	
State Sources						\$ 3,068	\$ 2,940	\$ -	\$ -	\$ 6,445	\$ 3,056	\$ 4,278	19,787	
Local Sources	-	-	-	-	-	-	-	-	-	-	-	-	452,112	
Total Revenues	105,329	286,017	12,280	31,920		3,068	2,940	-	-	6,445	3,056	4,278	501,340	956,673
EXPENDITURES:														
Instruction:														
Salaries of Teachers	\$ 63,140			\$ 5,050								\$ 43,894	112,084	
Purchased Professional Technical Services				26,552								10,485	37,037	
Tuition		\$ 226,017	\$ 12,280									-	238,297	
Textbooks					\$ 3,068							-	3,068	
Supplies and Materials	8,491					\$ 2,940						8,739	20,170	
Miscellaneous Expenditures												43,750	43,750	
Co-Curricular/Extra-Curricular Activities												293,771	293,771	
Total Instruction	71,631	226,017	12,280	31,602		3,068	2,940	-	-	-	-	400,639	748,177	
Support Services:														
Salaries												584	584	
Personal Services-Employee Benefits	33,698			318								-	34,016	
Purchased Professional Technical Services									\$ 6,445	\$ 3,056	\$ 4,278	-	13,779	
Cleaning, Repair and Maintenance Services												-	-	
Other Purchased Services		60,000										-	60,000	
Supplies and Materials												33,177	33,177	
Total Support Services	33,698	60,000	-	318		-	-	-	6,445	3,056	4,278	33,761	141,556	
Capital Outlay														
Construction Services														
Non-Instructional Equipment												61,076	61,076	
Total Capital Outlay	-	-	-	-		-	-	-	-	-	-	61,076	61,076	
Total Expenditures	105,329	286,017	12,280	31,920		3,068	2,940	-	-	6,445	3,056	4,278	495,476	950,809
Excess (Deficiency) of Revenues Over (Under) Expenditures													5,864	5,864
Fund Balance, July 1													94,420	94,420
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,284	\$ 100,284

77

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>American Rescue Plan - ESSER III</u>				<u>Student Activities</u>	<u>Local Donations</u>	<u>Total Exhibit E-1a</u>
	<u>ESSER III</u>	<u>Accelerated Learning Coach and Educator Support</u>	<u>Evidence-Based Comprehensive Beyond the School Day</u>	<u>NJTSS Mental Health Support Staff</u>			
REVENUES:							
Federal Sources	\$ 43,894	\$ 584	\$ 4,750	\$ -			\$ 49,228
State Sources							-
Local Sources	-	-	-	-	\$ 299,635	\$ 152,477	452,112
Total Revenues	<u>43,894</u>	<u>584</u>	<u>4,750</u>	<u>-</u>	<u>299,635</u>	<u>152,477</u>	<u>501,340</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 43,894	\$ -					43,894
Purchased Professional Technical Services						\$ 10,485	10,485
Supplies and Materials			4,750			3,989	8,739
Miscellaneous Expenditures						43,750	43,750
Co-Curricular/Extra-Curricular Activities	-	-	-	-	\$ 293,771	-	293,771
Total Instruction	<u>43,894</u>	<u>-</u>	<u>4,750</u>	<u>-</u>	<u>293,771</u>	<u>58,224</u>	<u>400,639</u>
Support Services:							
Salaries		\$ 584					584
Purchased Professional Technical Services							-
Supplies and Materials	-	-	-	-	-	33,177	33,177
Total Support Services	<u>-</u>	<u>584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,177</u>	<u>33,761</u>
Capital Outlay							
Construction Services							-
Non-Instructional Equipment	-	-	-	-	-	61,076	61,076
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,076</u>	<u>61,076</u>
Total Expenditures	<u>43,894</u>	<u>584</u>	<u>4,750</u>	<u>-</u>	<u>293,771</u>	<u>152,477</u>	<u>495,476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	5,864	-	5,864
Fund Balance, July 1	-	-	-	-	94,420	-	94,420
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,284</u>	<u>\$ -</u>	<u>\$ 100,284</u>

CAPITAL PROJECTS FUND

**CLOSTER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<u>Project Title</u>	<u>Appropriation</u>	<u>Expended</u>		<u>Balance, June 30, 2025</u>
		<u>Prior Year</u>	<u>Current Year</u>	
2024 School Bond Referendum - Facility Upgrades and Improvements at Hillside Elementary School and Tenakill Middle School	\$ 6,489,700	\$ 1,264,077	\$ 2,202,339	\$ 3,023,284

Reconciliation to GAAP Basis

Project Balance, June 30, 2025	\$ 3,023,284
Less Unfunded Authorizations: Debt Authorized but Not Issued	(700)
Fund Balance, June 30, 2025 - GAAP Basis	<u>\$ 3,022,584</u>

Recapitulation of Fund Balance

Restricted for Capital Projects	
Year-End Encumbrances	\$ 800,507
Available for Capital Projects	<u>2,222,077</u>
Total Fund Balance, GAAP Basis	<u>\$ 3,022,584</u>

**CLOSTER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Revenues and Other Financing Sources

Revenues

Interest	\$ 159,102
----------	------------

Total Revenues and Other Financing Sources	159,102
--	---------

Expenditures and Other Financing Uses

Expenditures

Salaries	1,508
----------	-------

Architect and Engineering Services	98,852
------------------------------------	--------

Legal Services	196
----------------	-----

Other Purchased Professional and Technical Services	-
---	---

Construction Services	2,095,368
-----------------------	-----------

Miscellaneous Expenditures	6,415
----------------------------	-------

Other Financing Uses

Transfer to General Fund	159,102
--------------------------	---------

Total Expenditures and Other Financing Uses	2,361,441
---	-----------

Excess of Revenues Over Expenditures	(2,202,339)
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Fund Balance, Beginning of Year	5,224,923
---------------------------------	-----------

Fund Balance, End of Year	\$ 3,022,584
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Reconciliation to GAAP:

Fund Balance, June 30, 2025 - Budgetary Basis	\$ 3,022,584
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Fund Balance, June 30, 2025 - GAAP Basis	\$ 3,022,584
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**CLOSTER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
2024 SCHOOL BOND REFERENDUM -
FACILITY UPGRADES AND IMPROVEMENTS AT HILLSIDE ELEMENTARY SCHOOL AND TENAKILL MIDDLE SCHOOL
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 6,489,000	\$ -	\$ 6,489,000	\$ 6,489,700
Total Revenues	<u>6,489,000</u>	<u>-</u>	<u>6,489,000</u>	<u>6,489,700</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Expenditures				
Salaries	-	1,508	1,508	5,000
Architect and Engineering Services	454,547	98,852	553,399	640,900
Legal Services	20,773	196	20,969	36,400
Other Professional and Technical Services	12,827	-	12,827	32,000
Construction Services	775,930	2,095,368	2,871,298	5,682,700
Miscellaneous Expenditures	<u>-</u>	<u>6,415</u>	<u>6,415</u>	<u>92,700</u>
Total Expenditures and Other Financing Uses	<u>1,264,077</u>	<u>2,202,339</u>	<u>3,466,416</u>	<u>6,489,700</u>
Excess / (Deficiency) of Revenues over / (under) Expenditures	<u>\$ 5,224,923</u>	<u>\$ (2,202,339)</u>	<u>\$ 3,022,584</u>	<u>\$ -</u>

Additional Project Information:

Project Numbers	0930-050-23-1000; 0930-060-23-1000
Bond Authorization (Referendum) Date	9/26/2024
Bonds Authorized	\$ 6,489,700
Bond Issued	\$ 6,489,000
Original Authorized Cost	\$ 6,489,700
Percentage Completion	53.41%
Original Target Completion Date	December 31, 2025
Revised Completion Date	December 31, 2025

PROPRIETARY FUNDS

NON-MAJOR ENTERPRISE FUNDS

**CLOSTER BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2025**

	<u>Food Service</u>	<u>Laptop Insurance Program</u>	<u>Total Non-Major Enterprise Funds</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 4,129	\$ 13,686	\$ 17,815
Intergovernmental Accounts Receivable	<u>327</u>	<u>-</u>	<u>327</u>
 Total Current Assets	 <u>4,456</u>	 <u>13,686</u>	 <u>18,142</u>
Noncurrent Assets			
Machinery and Equipment	15,173	-	15,173
Less: Accumulated Depreciation	<u>(15,173)</u>	<u>-</u>	<u>(15,173)</u>
 Total Noncurrent Assets	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total Assets	 <u>4,456</u>	 <u>13,686</u>	 <u>18,142</u>
NET POSITION			
Unrestricted	<u>4,456</u>	<u>13,686</u>	<u>18,142</u>
 Total Net Position	 <u>\$ 4,456</u>	 <u>\$ 13,686</u>	 <u>\$ 18,142</u>

**CLOSTER BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Food Service</u>	<u>Laptop Insurance Program</u>	<u>Total Non-Major Enterprise Funds</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable Programs	\$ 6,805		\$ 6,805
Program Fees	-	\$ 6,246	6,246
	6,805	6,246	13,051
OPERATING EXPENSES			
Salaries and Wages	2,500		2,500
Cost of Sales - Reimbursable Programs	8,871	-	8,871
	11,371	-	11,371
Total Operating Expenses	11,371	-	11,371
Operating Income (Loss)	(4,566)	6,246	1,680
NON-OPERATING REVENUES			
Federal Sources			
Special Milk Program	5,601	-	5,601
	5,601	-	5,601
Total Non-Operating Revenues	5,601	-	5,601
Change in Net Position	1,035	6,246	7,281
Total Net Position, Beginning of Year	3,421	7,440	10,861
Total Net Position, End of Year	\$ 4,456	\$ 13,686	\$ 18,142

**CLOSTER BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Food Service</u>	<u>Laptop Insurance Program</u>	<u>Total Non-Major Enterprise Funds</u>
Cash Flows from Operating Activities			
Cash Received from (Paid to) Customers	\$ 6,805	\$ 6,246	\$ 13,051
Cash Payments for Employees			
Salaries & Benefits	(2,500)	-	(2,500)
Cash Payments to Suppliers for Goods and Services	<u>(8,871)</u>	<u>-</u>	<u>(8,871)</u>
Net Cash Provided (Used) by Operating Activities	<u>(4,566)</u>	<u>6,246</u>	<u>1,680</u>
Cash Flows from Non-Capital Financing Activities			
Cash Received from State and Federal Reimbursements	<u>5,574</u>	<u>-</u>	<u>5,574</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>5,574</u>	<u>-</u>	<u>5,574</u>
Net Increase in Cash and Cash Equivalents	1,008	6,246	7,254
Cash and Cash Equivalents, Beginning of Year	<u>3,121</u>	<u>7,440</u>	<u>10,561</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,129</u>	<u>\$ 13,686</u>	<u>\$ 17,815</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (4,566)	\$ 6,246	1,680
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,566)</u>	<u>\$ 6,246</u>	<u>\$ 1,680</u>

INTERNAL SERVICE FUND

EXHIBITS G-4, G-5 AND G-6

NOT APPLICABLE

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**CLOSTER BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2024</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance, June 30, 2025</u>
			<u>Date</u>	<u>Amount</u>					
School Bonds	11/30/2023	\$ 6,489,000	8/15/2025	\$ 240,000	1.00 %				
			8/15/2026	255,000	1.00				
			8/15/2027	265,000	1.00				
			8/15/2028	275,000	1.00				
			8/15/2029	290,000	4.00				
			8/15/2030	305,000	4.00				
			8/15/2031	315,000	4.00				
			8/15/2032	330,000	4.00				
			8/15/2033	345,000	4.00				
			8/15/2034	365,000	4.00				
			8/15/2035	365,000	4.00				
			8/15/2036	365,000	4.00				
			8/15/2037	365,000	4.00				
			8/15/2038	370,000	4.00				
			8/15/2039	370,000	4.00				
			8/15/2040	370,000	4.00				
			8/15/2041	370,000	4.00				
			8/15/2042	370,000	4.00				
			8/15/2043	370,000	4.00	\$ 6,489,000	-	\$ 189,000	\$ 6,300,000
						<u>\$ 6,489,000</u>	<u>\$ -</u>	<u>\$ 189,000</u>	<u>\$ 6,300,000</u>

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINANCING AGREEMENTS AND LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOT APPLICABLE

**CLOSTER BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 301,848	-	\$ 301,848	\$ 301,848	-
State Sources:					
School Construction Debt Service Aid	<u>155,472</u>	<u>-</u>	<u>155,472</u>	<u>155,472</u>	<u>-</u>
Total Revenues	<u>457,320</u>	<u>-</u>	<u>457,320</u>	<u>457,320</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	110,475	\$ 157,845	268,320	268,320	
Redemption of Principal	<u>346,845</u>	<u>(157,845)</u>	<u>189,000</u>	<u>189,000</u>	<u>-</u>
Total Regular Debt Service	<u>457,320</u>	<u>-</u>	<u>457,320</u>	<u>457,320</u>	<u>-</u>
Total Expenditures	<u>457,320</u>	<u>-</u>	<u>457,320</u>	<u>457,320</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

This part of the Closter's Board of Education'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

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

J-6 to 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 to 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.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

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

CLOSTER BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net Investment in Capital Assets	\$ 11,988,061	\$ 12,698,521	\$ 12,857,332	\$ 12,859,089	\$ 12,725,694	\$ 12,506,759	\$ 12,971,124	\$ 12,787,748	\$ 7,644,418	\$ 13,746,814
Restricted	2,929,437	2,096,757	2,465,334	2,767,421	3,616,955	4,512,459	5,959,171	7,874,751	13,345,734	9,683,671
Unrestricted	<u>(3,286,663)</u>	<u>(3,162,132)</u>	<u>(3,840,268)</u>	<u>(3,893,030)</u>	<u>(3,519,103)</u>	<u>(2,340,238)</u>	<u>(1,898,811)</u>	<u>(1,513,245)</u>	<u>25,817</u>	<u>(1,283,820)</u>
Total governmental activities net position	<u>\$ 11,630,835</u>	<u>\$ 11,633,146</u>	<u>\$ 11,482,398</u>	<u>\$ 11,733,480</u>	<u>\$ 12,823,546</u>	<u>\$ 14,678,980</u>	<u>\$ 17,031,484</u>	<u>\$ 19,149,254</u>	<u>\$ 21,015,969</u>	<u>\$ 22,146,665</u>
Business-type activities										
Unrestricted	\$ 8,615	\$ 8,922	\$ 21,345	\$ 2,307	\$ 8,488	\$ 1,448	\$ 1,619	\$ 20,975	\$ 10,861	\$ 18,142
Total business-type activities net position	<u>\$ 8,615</u>	<u>\$ 8,922</u>	<u>\$ 21,345</u>	<u>\$ 2,307</u>	<u>\$ 8,488</u>	<u>\$ 1,448</u>	<u>\$ 1,619</u>	<u>\$ 20,975</u>	<u>\$ 10,861</u>	<u>\$ 18,142</u>
District-wide										
Net Investment in Capital Assets	\$ 11,988,061	\$ 12,698,521	\$ 12,857,332	\$ 12,859,089	\$ 12,725,694	\$ 12,506,759	\$ 12,971,124	\$ 12,787,748	\$ 7,644,418	\$ 13,746,814
Restricted	2,929,437	2,096,757	2,465,334	2,767,421	3,616,955	4,512,459	5,959,171	7,874,751	13,345,734	9,683,671
Unrestricted	<u>(3,278,048)</u>	<u>(3,153,210)</u>	<u>(3,818,923)</u>	<u>(3,890,723)</u>	<u>(3,510,615)</u>	<u>(2,338,790)</u>	<u>(1,897,192)</u>	<u>(1,492,270)</u>	<u>36,678</u>	<u>(1,265,678)</u>
Total district net position	<u>\$ 11,639,450</u>	<u>\$ 11,642,068</u>	<u>\$ 11,503,743</u>	<u>\$ 11,735,787</u>	<u>\$ 12,832,034</u>	<u>\$ 14,680,428</u>	<u>\$ 17,033,103</u>	<u>\$ 19,170,229</u>	<u>\$ 21,026,830</u>	<u>\$ 22,164,807</u>

Note 1 - Net Position at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

**CLOSTER BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities										
Instruction										
Regular	\$ 11,595,317	\$ 13,109,487	\$ 13,159,162	\$ 11,993,524	\$ 11,542,724	\$ 12,381,161	\$ 10,526,164	\$ 10,127,028	\$ 10,330,318	\$ 10,446,665
Special education	3,231,625	3,622,128	4,231,585	4,579,138	5,112,201	5,334,451	5,251,186	5,195,647	5,340,768	5,386,819
Other instruction	1,219,704	1,425,230	1,543,864	1,465,189	1,483,011	1,561,645	1,620,677	1,211,780	1,066,826	1,410,978
School Sponsored Activities and Athletics	130,874	128,324	138,886	144,469	110,328	149,247	123,534	219,129	330,337	439,139
Support Services:										
Student & instruction related services	2,636,133	2,833,221	2,691,068	2,842,579	2,642,524	3,439,990	3,871,088	4,330,008	4,658,144	4,730,696
General administration Services	781,338	820,760	896,526	843,292	588,670	648,660	594,824	590,931	755,305	638,527
School Administration services	1,128,951	1,218,962	1,225,447	1,055,365	1,125,058	1,297,226	1,184,038	1,118,147	1,240,557	1,164,122
Business / Central Services	518,820	594,053	698,980	809,328	834,914	838,727	710,063	752,736	740,350	713,826
Plant operations and maintenance	2,389,613	2,658,791	2,569,570	2,602,352	2,474,510	2,484,392	2,713,669	2,730,767	2,826,576	3,105,979
Pupil transportation	231,204	229,586	292,870	347,314	306,668	233,962	410,408	614,797	619,850	564,204
Interest on long-term debt	61,222	54,437	47,740	41,072	34,521	28,088	21,743	15,400	134,749	221,186
Total governmental activities expenses	<u>23,924,801</u>	<u>26,694,979</u>	<u>27,495,698</u>	<u>26,723,622</u>	<u>26,255,129</u>	<u>28,397,549</u>	<u>27,027,394</u>	<u>26,906,370</u>	<u>28,043,780</u>	<u>28,822,141</u>
Business-type activities:										
Laptop Insurance Program									15,000	-
Food service	28,978	22,726	9,631	38,741	4,279	-	5,127	7,215	12,980	11,371
Total business-type activities expense	<u>28,978</u>	<u>22,726</u>	<u>9,631</u>	<u>38,741</u>	<u>4,279</u>	<u>-</u>	<u>5,127</u>	<u>7,215</u>	<u>27,980</u>	<u>11,371</u>
Total district expenses	<u>\$ 23,953,779</u>	<u>\$ 26,717,705</u>	<u>\$ 27,505,329</u>	<u>\$ 26,762,363</u>	<u>\$ 26,259,408</u>	<u>\$ 28,397,549</u>	<u>\$ 27,032,521</u>	<u>\$ 26,913,585</u>	<u>\$ 28,071,760</u>	<u>\$ 28,833,512</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	\$ 423,143	\$ 382,786	\$ 355,064	\$ 503,526	\$ 477,638	\$ 399,219	\$ 669,854	\$ 581,350	\$ 571,552	\$ 575,818
Pupil transportation										17,500
Operating grants and contributions	5,886,012	7,838,106	8,103,908	6,988,349	6,261,406	8,917,654	7,209,959	6,237,146	5,959,889	5,230,841
Capital grants and contributions	255,455	-	-	-	-	-	103,658	129,603	47,505	61,076
Total governmental activities program revenues	<u>6,564,610</u>	<u>8,220,892</u>	<u>8,458,972</u>	<u>7,491,875</u>	<u>6,739,044</u>	<u>9,316,873</u>	<u>7,983,471</u>	<u>6,948,099</u>	<u>6,578,946</u>	<u>5,885,235</u>
Business-type activities:										
Charges for services:										
Laptop Insurance Program								\$ 17,760	\$ 4,680	\$ 6,246
Food service	\$ 20,505	\$ 15,470	\$ 14,743	\$ 13,176	\$ 7,830		\$ 5,450	6,450	7,330	6,805
Operating grants and contributions	10,181	7,493	7,214	6,269	2,577		3,348	5,856	8,856	5,601
Total business type activities program revenues	<u>30,686</u>	<u>22,963</u>	<u>21,957</u>	<u>19,445</u>	<u>10,407</u>	<u>-</u>	<u>8,798</u>	<u>29,271</u>	<u>17,866</u>	<u>18,652</u>
Total district program revenues	<u>\$ 6,595,296</u>	<u>\$ 8,243,855</u>	<u>\$ 8,480,929</u>	<u>\$ 7,511,320</u>	<u>\$ 6,749,451</u>	<u>\$ 9,316,873</u>	<u>\$ 7,992,269</u>	<u>\$ 6,977,370</u>	<u>\$ 6,596,812</u>	<u>\$ 5,903,887</u>
Net (Expense)/Revenue										
Governmental activities	\$ (17,360,191)	\$ (18,474,087)	\$ (19,036,726)	\$ (19,231,747)	\$ (19,516,085)	\$ (19,080,676)	\$ (19,043,923)	\$ (19,958,271)	\$ (21,464,834)	\$ (22,936,906)
Business-type activities	1,708	237	12,326	(19,296)	6,128	-	3,671	22,056	(10,114)	7,281
Total district-wide net expense	<u>\$ (17,358,483)</u>	<u>\$ (18,473,850)</u>	<u>\$ (19,024,400)</u>	<u>\$ (19,251,043)</u>	<u>\$ (19,509,957)</u>	<u>\$ (19,080,676)</u>	<u>\$ (19,040,252)</u>	<u>\$ (19,936,215)</u>	<u>\$ (21,474,948)</u>	<u>\$ (22,929,625)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes	\$ 17,663,255	\$ 18,016,520	\$ 18,443,738	\$ 19,060,135	\$ 19,878,929	\$ 20,517,275	\$ 21,041,740	\$ 21,480,748	\$ 22,382,979	
Taxes levied for debt service	339,646	336,818	330,119	318,422	306,843	295,380	289,035	282,690	276,345	\$ 22,967,866
Unrestricted State Aid	21,252	31,286	32,300	2,598						64,253
Investment earnings	13,449	14,683	15,621	6,607	38,251	8,611	13,441	195,922	562,126	648,650
Miscellaneous income	69,328	77,091	64,200	95,067	76,269	107,801	48,711	113,981	110,099	84,985
Transfers						7,043	3,500	2,700		
Total governmental activities	<u>18,106,930</u>	<u>18,476,398</u>	<u>18,885,978</u>	<u>19,482,829</u>	<u>20,300,292</u>	<u>20,936,110</u>	<u>21,396,427</u>	<u>22,076,041</u>	<u>23,331,549</u>	<u>23,765,754</u>
Business-type activities:										
Investment earnings	70	70	97	258	53	3	(3,500)	(2,700)		
Transfers						(7,043)				
Total business-type activities	<u>70</u>	<u>70</u>	<u>97</u>	<u>258</u>	<u>53</u>	<u>(7,043)</u>	<u>(3,500)</u>	<u>(2,700)</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 18,107,000</u>	<u>\$ 18,476,468</u>	<u>\$ 18,886,075</u>	<u>\$ 19,483,087</u>	<u>\$ 20,300,345</u>	<u>\$ 20,929,070</u>	<u>\$ 21,392,927</u>	<u>\$ 22,073,341</u>	<u>\$ 23,331,549</u>	<u>\$ 23,765,754</u>
Change in Net Position										
Governmental activities	\$ 746,739	\$ 2,311	\$ (150,748)	\$ 251,082	\$ 784,207	\$ 1,855,434	\$ 2,352,504	\$ 2,117,770	\$ 1,866,715	\$ 828,848
Business-type activities	1,778	307	12,423	(19,038)	6,181	(7,040)	171	19,356	(10,114)	7,281
Total district	<u>\$ 748,517</u>	<u>\$ 2,618</u>	<u>\$ (138,325)</u>	<u>\$ 232,044</u>	<u>\$ 790,388</u>	<u>\$ 1,848,394</u>	<u>\$ 2,352,675</u>	<u>\$ 2,137,126</u>	<u>\$ 1,856,601</u>	<u>\$ 836,129</u>

CLOSTER BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted	\$ 3,829,436	\$ 2,996,755	\$ 3,365,333	\$ 3,642,421	\$ 4,336,009	\$ 5,718,544	\$ 7,144,476	\$ 9,242,663	\$ 965,139	\$ 11,158,387
Committed		584,518	69,312	71,131	223,549	514,447	95,078	51,722	1,514,342	26,708
Assigned	79,159	14,113	22,068	7,327	91,080	152,687	315,976	443,454	123,248	113,959
Unassigned	341,548	357,392	366,556	358,808	345,658	752,639	817,413	355,710	363,671	390,879
Total general fund	<u>\$ 4,250,143</u>	<u>\$ 3,952,778</u>	<u>\$ 3,823,269</u>	<u>\$ 4,079,687</u>	<u>\$ 4,996,296</u>	<u>\$ 7,138,317</u>	<u>\$ 8,372,943</u>	<u>\$ 10,093,549</u>	<u>\$ 2,966,400</u>	<u>\$ 11,689,933</u>
All Other Governmental Funds										
Restricted	\$ -	\$ 2	\$ 1	\$ -	\$ -	\$ 43,915	\$ 64,695	\$ 82,088	\$ 5,319,343	\$ 3,122,868
Total all other governmental funds	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,915</u>	<u>\$ 64,695</u>	<u>\$ 82,088</u>	<u>\$ 5,319,343</u>	<u>\$ 3,122,868</u>

**CLOSTER BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
						(Restated)				
Revenues										
Tax levy	\$ 18,002,901	\$ 18,353,338	\$ 18,773,857	\$ 19,378,557	\$ 20,185,772	\$ 20,812,655	\$ 21,330,775	\$ 21,763,438	\$ 22,659,324	\$ 23,269,714
Tuition charges	423,143	382,786	355,064	503,526	477,638	383,966	599,704	421,035	321,221	276,183
Interest earnings	13,449	14,683	15,621	6,607	38,251	8,611	13,441	195,922	562,126	648,650
Miscellaneous	69,328	77,091	65,231	200,076	137,304	189,820	162,740	407,664	504,372	554,597
State sources	3,124,703	3,148,088	3,671,452	4,248,697	4,696,549	5,705,627	7,140,408	7,324,758	8,059,709	7,960,066
Federal sources	266,098	259,608	271,458	348,871	349,013	490,267	1,018,058	885,339	651,980	484,774
Total revenue	21,899,622	22,235,594	23,152,683	24,686,334	25,884,527	27,590,946	30,265,126	30,998,156	32,758,732	33,193,984
Expenditures										
Instruction										
Regular Instruction	9,711,083	10,017,920	10,545,805	10,582,628	10,774,095	10,916,869	11,043,059	11,130,649	11,676,504	11,973,250
Special education instruction	2,820,378	2,974,372	3,614,452	4,229,574	4,918,173	4,916,039	5,509,134	5,577,163	5,901,461	6,012,020
Other instruction	978,538	1,050,230	1,179,924	1,285,398	1,349,669	1,358,943	1,753,245	1,352,422	1,229,888	1,648,447
School sponsored activities and athletics	109,370	97,513	111,612	128,209	103,298	143,038	127,849	223,497	339,327	444,493
Support Services:										
Student & inst. related services	2,526,546	2,644,338	2,471,434	2,727,967	2,622,844	3,277,156	4,081,588	4,742,124	5,153,721	5,216,983
General administration Services	710,881	713,935	779,134	804,138	571,140	596,223	626,011	641,000	818,213	702,128
School Administration services	981,746	965,092	1,003,476	940,210	1,064,143	1,163,870	1,252,375	1,234,609	1,400,843	1,301,525
Business / Central Services	434,009	458,863	561,466	715,000	797,596	750,611	746,504	843,947	821,765	772,858
Plant operations and maintenance	1,653,580	1,870,635	1,722,214	1,812,344	1,709,821	1,668,869	2,055,522	2,085,965	2,157,533	2,187,116
Pupil transportation	230,697	228,349	290,234	346,436	306,726	233,804	412,094	618,338	621,611	564,799
Capital outlay	1,436,628	1,174,894	672,322	539,590	443,570	397,110	1,116,804	530,453	2,054,163	4,072,239
Debt service:										
Principal	290,000	285,000	285,000	280,000	275,000	270,000	270,000	270,000	270,000	189,000
Interest and other charges	58,632	51,817	45,120	38,423	31,843	25,380	19,035	12,690	6,345	268,320
Total expenditures	21,942,088	22,532,958	23,282,193	24,429,917	24,967,918	25,717,912	29,013,220	29,262,857	32,451,374	35,353,178
Excess (Deficiency) of revenues over (under) expenditures	(42,466)	(297,364)	(129,510)	256,417	916,609	1,873,034	1,251,906	1,735,299	307,358	(2,159,194)
Other Financing Sources (Uses)										
Bond Proceeds									6,489,000	-
Transfers In	55,107					7,043	3,500	2,700	143,104	159,102
Transfers Out	(55,107)								(143,104)	(159,102)
Total other financing sources (uses)	-	-	-	-	-	7,043	3,500	2,700	6,489,000	-
Net change in fund balances	\$ (42,466)	\$ (297,364)	\$ (129,510)	\$ 256,417	\$ 916,609	\$ 1,880,077	\$ 1,255,406	\$ 1,737,999	\$ 6,796,358	\$ (2,159,194)
Debt service as a percentage of noncapital expenditures	1.70%	1.58%	1.46%	1.33%	1.25%	1.17%	1.04%	0.98%	0.91%	1.46%

* Noncapital expenditures are total expenditures less capital outlay.

**CLOSTER BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Subscription Busing / Transportation Fees</u>	<u>Facility Rental Fees</u>	<u>E-Rate</u>	<u>Prior Year Refunds</u>	<u>OT/PT Service Fees</u>	<u>Misc.</u>	<u>Total</u>
2016	\$ 423,143	\$ 13,449						\$ 69,328	\$ 505,920
2017	382,786	14,683						77,091	474,560
2018	355,064	15,621						64,200	434,885
2019	503,526	6,607						95,067	605,200
2020	477,638	38,251						76,269	592,158
2021	383,966	8,611		\$ 10,797	\$ 4,789			92,215	500,378
2022	599,704	13,441		12,000	8,576			28,135	661,856
2023	421,035	195,922	\$ 14,280	49,940			\$ 28,413	21,348	730,938
2024	321,221	419,022	8,160	60,880		-	4,440	44,779	858,502
2025	276,183	489,548	17,500	65,770		\$ 6,175	-	13,040	868,216

**CLOSTER BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)**

Calendar Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual	Total Direct
											(County Equalized) Value	School Tax Rate ^a
2016	\$ 19,884,100	\$ 1,816,990,700	\$ 4,612,200	\$ 30,500	\$ 216,412,100	\$ 18,964,000	\$ 959,600	\$ 2,077,853,200	\$ 100,000	\$ 2,077,953,200	\$ 2,129,915,670	0.875
2017	19,611,500	1,825,939,100	4,612,200	26,200	215,541,300	19,914,000	959,600	2,086,603,900	100,000	2,086,703,900	2,140,987,596	0.890
2018	18,196,800	1,884,747,100	5,037,000	25,100	237,104,000	21,569,100		2,166,679,100	100,000	2,166,779,100	2,168,261,971	0.881
2019	18,903,200	1,923,578,700	5,432,700	25,100	256,031,300	22,812,900		2,226,783,900	100,000	2,226,883,900	2,226,975,293	0.889
2020	18,627,800	1,956,453,700	5,547,400	25,100	265,247,800	23,968,500		2,269,870,300	100,000	2,269,970,300	2,293,283,498	0.904
2021	17,355,800	1,948,606,900	5,503,700	25,100	262,408,600	24,092,200		2,257,992,300	100,000	2,258,092,300	2,260,654,086	0.934
2022	17,045,800	2,049,815,100	5,712,700	25,100	293,427,400	44,225,800		2,410,251,900	100,000	2,410,351,900	2,399,639,232	0.894
2023	18,515,900	2,223,435,900	6,148,400	25,100	306,966,400	52,939,900		2,608,031,600	100,000	2,608,131,600	2,603,974,354	0.852
2024	20,672,100	2,364,329,700	6,312,500	25,100	318,013,100	57,368,300		2,766,720,800	100,000	2,766,820,800	2,840,514,149	0.834
2025	22,656,700	2,547,822,600	6,686,800	26,800	327,994,900	60,483,900		2,965,671,700	100,000	2,965,771,700	2,965,771,700	0.795

Source: County Abstract of Ratables

^a Tax rates are per \$100

N/A = Not Available

**CLOSTER BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)**

Calendar Year	Total Direct Tax Rate	Overlapping Rates			
		Regional High School District	Municipality	County	Total
2016	.875	.553	.549	.262	\$ 2.239
2017	.890	.565	.569	.258	2.282
2018	.881	.544	.556	.245	2.226
2019	.889	.528	.555	.245	2.217
2020	.904	.525	.561	.251	2.241
2021	.934	.539	.578	.253	2.304
2022	.894	.523	.554	.241	2.212
2023	.852	.505	.548	.239	2.144
2024	.834	.503	.539	.240	2.116
2025	.795	.490	.547	.227	2.059

Source: Borough of Closter

**CLOSTER BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2025		Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Closter Mktplace (EBA) LLC	\$ 79,581,500	2.68%	Closter Mktplace (EBA) LLC	\$ 31,500,000	1.52%
Railroad Ave. Real Estate Holdings	25,819,400	0.87%	Closter Grocery	8,645,300	0.42%
50 Railroad LLC	14,177,400	0.48%	Capital Young Property LLC	7,447,000	0.36%
Closter Grocery	9,721,600	0.33%	Heidenberg Closter Assoc.	7,368,000	0.36%
Heidenberg Closter Assoc.	9,317,500	0.31%	Closter Golf	6,999,700	0.34%
Closter Gold Inc	8,439,000	0.28%	United Water New Jersey	5,891,200	0.29%
Fred Rueten, Inc	8,126,300	0.27%	DWL Monmouth c/o Daniel Cho	4,553,500	0.22%
Eastcoast Brothers, LLC	8,028,800	0.27%	Fred Rueten, Inc	4,492,400	0.22%
Nippon Express USA	6,410,000	0.22%	BR NJ LLC	4,167,400	0.20%
Herbert Ave Assoc, LLC	6,232,500	0.21%	Reuten Associates	4,000,000	0.19%
	<u>\$ 175,854,000</u>	<u>5.93%</u>		<u>\$ 85,064,500</u>	<u>4.12%</u>

Source: Municipal Tax Assessor

**CLOSTER BOARD OF EDUCATION
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		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 18,002,901	\$ 18,002,901	100.00%	N/A
2017	18,353,338	18,353,338	100.00%	N/A
2018	18,773,857	18,005,367	95.91%	\$ 768,490
2019	19,378,557	19,378,557	100.00%	N/A
2020	20,185,772	20,185,772	100.00%	N/A
2021	20,812,655	20,812,655	100.00%	N/A
2022	21,330,775	21,330,775	100.00%	N/A
2023	21,763,438	21,763,438	100.00%	N/A
2024	22,659,324	22,659,324	100.00%	N/A
2025	23,269,714	23,269,714	100.00%	N/A

**CLOSTER BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Population	<u>Per Capita</u>
	General Obligation Bonds	Total District		
2016	\$ 2,205,000	\$ 2,205,000	8,593	257
2017	1,920,000	1,920,000	8,605	223
2018	1,635,000	1,635,000	8,619	190
2019	1,355,000	1,355,000	8,548	159
2020	1,080,000	1,080,000	8,512	127
2021	810,000	810,000	8,446	96
2022	540,000	540,000	8,521	63
2023	270,000	270,000	8,514	32
2024	6,489,000	6,489,000	8,544	759
2025	6,300,000	6,300,000	8,544	737

Source: District records

**CLOSTER BOARD OF EDUCATION
RATIOS OF NET GENERAL OBLIGATION DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>General Obligation Debt Outstanding</u>			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding		
2016	\$ 2,205,000	\$ 8,987	\$ 2,486,013	0.12%	\$ 289
2017	1,920,000	1	2,204,999	0.11%	256
2018	1,635,000	2	1,919,998	0.09%	223
2019	1,355,000	1	1,354,999	0.06%	159
2020	1,080,000		1,080,000	0.05%	127
2021	810,000		810,000	0.04%	96
2022	540,000		540,000	0.02%	63
2023	270,000		270,000	0.01%	32
2024	6,489,000		6,489,000	0.23%	759
2025	6,300,000		6,300,000	0.21%	737

Source: District records

**CLOSTER BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2023
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Closter Board of Education	\$ 6,300,700
Regional High School District	1,547,349
Borough of Closter	<u>18,414,002</u>
	<u>\$ 26,262,051</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	21,089,979
Bergen County Utilities Authority - Waste Water (B)	<u>2,635,549</u>
	<u>23,725,528</u>
Total Direct and Overlapping Debt	<u>\$ 49,987,579</u>

Source:

(1) Borough of Closter's 2024 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Closter by dividing the municipality's 2024 equalized value by the total 2024 equalized value for the County of Bergen.

(B) The debt was computed based upon the real property ration of equalized valuations of all municipalities serviced by the authority.

**CLOSTER BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2025

Equalized valuation basis	
2024	\$ 3,103,892,686
2023	2,889,785,706
2022	2,578,912,797
	\$ 8,572,591,189
Average equalized valuation of taxable property	\$ 2,857,530,396
Debt limit (3% of average equalization value)	\$ 85,725,912
Total Net Debt Applicable to Limit	6,300,700
Legal debt margin	\$ 79,425,212

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 62,249,565	\$ 63,338,641	\$ 63,934,300	\$ 64,912,967	\$ 66,690,642	\$ 67,680,123	\$ 69,310,706	\$ 72,069,097	\$ 54,686,985	\$ 85,725,912
Total net debt applicable to limit	2,205,000	1,920,000	1,635,000	1,355,000	1,080,000	810,000	540,000	270,000	-	6,300,700
Legal debt margin	\$ 60,044,565	\$ 61,418,641	\$ 62,299,300	\$ 63,557,967	\$ 65,610,642	\$ 66,870,123	\$ 68,770,706	\$ 71,799,097	\$ 54,686,985	\$ 79,425,212
Total net debt applicable to the limit as a percentage of debt limit	3.54%	3.03%	2.56%	2.09%	1.62%	1.20%	0.78%	0.37%	0.00%	7.35%

Source: Annual Debt Statements

CLOSTER BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2016	8593	\$ 77,323	3.20%
2017	8605	78,836	3.00%
2018	8619	81,024	2.90%
2019	8548	85,191	2.50%
2020	8512	88,241	7.80%
2021	8446	91,972	4.90%
2022	8521	97,343	3.00%
2023	8514	97,138	3.20%
2024	8544	97,138 *	N/A
2025	8544	97,138 *	N/A

Source: New Jersey State Department of Education

* - Estimated
N/A - Not Available

**CLOSTER BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

	<u>2024</u>		<u>2015</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

**CLOSTER BOARD OF EDUCATION
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)**

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Instruction										
Regular	65.0	85.0	72.6	72.0	71.0	71.0	71.0	72.0	74.0	75.0
Special education	13.0	22.5	18.2	27.0	27.0	27.0	27.0	27.0	27.0	27.0
Other instruction (ESL, Basic)	4.0	7.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Co-curricular activities		0.2	0.2	0.2						
Support Services:										
Student and instruction related services	72.0	26.0	45.8	44.3	46.2	48.4	48.5	50.6	51.8	53.0
General administration	5.0	5.0	5.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0
School administrative services	6.0	6.0	8.2	7.0	7.0	6.6	7.0	7.0	7.0	7.0
Central services	4.0	2.0	1.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Plant operations and maintenance	11.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Pupil transportation	-	1.0	0.7	0.7	0.7	0.7	0.7	0.9	0.9	0.9
Total	<u>180.0</u>	<u>166.7</u>	<u>172.5</u>	<u>179.2</u>	<u>179.9</u>	<u>181.7</u>	<u>182.2</u>	<u>185.5</u>	<u>188.7</u>	<u>190.9</u>

Source: District Personnel Records

CLOSTER BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Teacher/Pupil Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2016	1,114	20,156,828	18,094	5.43%	103.0	11.42	12.43	1,117.8	1,078.5	-0.24%	96.48%
2017	1,155	21,021,247	18,200	0.59%	105.0	12.1	12.1	1,131.5	1,087.7	1.23%	96.13%
2018	1,167	22,279,751	19,091	4.90%	98.7	11.70	11.9	1,165.7	1,120.2	3.02%	96.10%
2019	1,191	23,571,904	19,792	3.67%	106.0	11.80	11.4	1,200.8	1,150.3	3.01%	95.79%
2020	1,197	24,217,505	20,232	2.22%	106.0	12.10	12.3	1,195.4	1,152.9	-0.45%	96.44%
2021	1,156	25,025,422	21,648	7.00%	107.0	10.58	11.1	1,146.4	1,125.8	-4.10%	98.20%
2022	1,169 ^d	27,607,381	23,616	9.09%	107.0	9.88	10.1	1,180.8	1,131.4	3.00%	95.82%
2023	1,201 ^d	28,449,714	23,688	0.31%	109.0	10.14	10.5	1,204.0	1,143.3	1.96%	94.96%
2024	1,193 ^d	30,120,866	25,248	6.58%	110.0	12.20	13.5	1,192.0	1,136.0	-1.00%	95.30%
2025	1,196 ^d	30,823,619	25,772	2.08%	111.0	9.62	10.2	1,194.0	1,139.0	0.17%	95.39%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.
 - d Enrollment includes resident Charter School students and Sent students.

N/A - Not Available

**CLOSTER BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>District Building</u>										
<u>Hillside Elementary School</u>										
Square Feet	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650
Capacity (students)	666	666	666	666	666	666	666	666	666	666
Enrollment	617	652	684	677	666	614	618	626	630	630
<u>Tenakill Middle School</u>										
Square Feet	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655	80,655
Capacity (students)	635	635	635	635	635	635	635	635	635	635
Enrollment	497	503	483	514	531	542	552	588	569	569

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

Source: District Records

**CLOSTER BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
LAST TEN YEARS
(Unaudited)**

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

	Project # (s)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
*School Facilities											
Hillside School	N/A	\$ 211,589	\$ 214,809	\$ 176,262	\$ 193,305	\$ 160,192	\$ 164,119	\$ 190,816	\$ 131,919	\$ 180,936	\$ 165,500
Tenakill School	N/A	<u>165,235</u>	<u>167,748</u>	<u>137,646</u>	<u>150,955</u>	<u>169,110</u>	<u>151,331</u>	<u>204,247</u>	<u>154,985</u>	<u>191,500</u>	<u>195,617</u>
Grand Total		<u>\$ 376,824</u>	<u>\$ 382,557</u>	<u>\$ 313,908</u>	<u>\$ 344,260</u>	<u>\$ 329,302</u>	<u>\$ 315,450</u>	<u>\$ 395,063</u>	<u>\$ 286,904</u>	<u>\$ 372,436</u>	<u>\$ 361,117</u>

Source: District Records

**CLOSTER BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2025
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Property-Blanket Building/Contents	\$ 85,688,416	\$ 5,000
General Liability - General Aggregate	3,000,000	
General Liability - Each Occurrence	1,000,000	
Commercial Auto Liability	1,000,000	
Excess Unshared Umbrella - Hudson/Allied/Evanston/Great American, Homesite/Vantage Insurance Companies	40,000,000	
Umbrella Liability - Great American insurance Company (Per Occurrence and Aggregate)	9,000,000	
Educator's Legal Liability - Greenwich Insurance Company	1,000,000	
Employee Benefits Liability - Great American Insurance Company (Policy Aggregate)	1,000,000 2,000,000	1,000
Public Employee Dishonesty - Selective Ins. Co. of America		
(per employee)	100,000	5,000
(per loss)	500,000	100,000
Pollution Liability - Evanston Insurance		
(aggregate)	2,000,000	25,000
(Fund Aggregate)	20,000,000	
Cyber Liability - Indian Harbor		
(Group Aggregate subject to sub-limits)	6,000,000	
(1st party - per occurrence)	2,000,000	

Source: School Insurance Records

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

**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 AUDITOR’S REPORT

Honorable President and Members
of the Board of Education
Closter Board of Education
Closter, 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education as of and for the fiscal year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Closter Board of Education’s basic financial statements and have issued our report thereon dated December 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Closter Board of Education’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 Closter Board of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Closter Board of Education’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Closter Board of Education's financial statements are free from 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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 Closter Board of Education'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 Closter Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lerch, Vinci & Bliss, LLP

LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 5, 2025



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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JOHN CUIFFO, CPA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Closter Board of Education
Closter, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Closter Board of Education's compliance with the types of compliance requirements identified as subject to audit in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Closter Board of Education's major state programs for the fiscal year ended June 30, 2025. The Closter Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards and New Jersey OMB Circular 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 Closter Board of Education 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 Closter Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Closter Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey 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 omission, misrepresentation, 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 Closter Board of Education's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement 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 Closter Board of Education'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 Closter Board of Education'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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Closter Board of Education'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.

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 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 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 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.

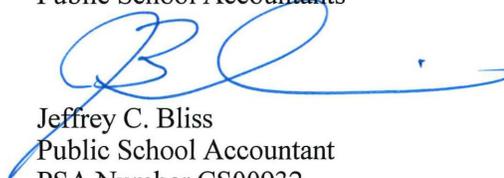
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated December 5, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & BLISS, LLP

LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 5, 2025

**CLOSTER BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2025**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance at June 30, 2024		Carryover Amount			Budgetary Expenditures	Funds Released		Balance at June 30, 2025		Memo: GAAP Receivable	
				From	To	Accounts Receivable	Unearned Revenue	Accounts Receivable	Deferred Revenue	Cash Received		Accounts Receivable Adjustment	Unearned Revenue Adjustment	Accounts Receivable	Unearned Revenue		
U.S. Department of Agriculture Passed-through State Department of Agriculture																	
Food Service Fund:																	
Special Milk Program for Children	10.556	241NJ304N1099	5,856	7/1/2023	6/30/2024	\$ (300)	-	-	-	\$ 300	-	-	-	-	-	-	-
Special Milk Program for Children	10.556	251NJ304N1099	5,601	7/1/2024	6/30/2025	-	-	-	-	5,274	\$ 5,601	-	-	\$ (327)	-	\$ (327)	
Total Food Service Fund						(300)	-	-	-	5,574	5,601	-	-	(327)	-	(327)	
U.S. Department of Education Passed-through State Department of Education																	
Special Revenue Fund:																	
Title I, Part A	84.010	S010A230030	106,761	7/1/2023	9/30/2024	(47,841)	6,659	\$ 6,659	\$ (6,659)	41,182	-	-	-	-	-	-	-
Title I, Part A	84.010	S010A230030	105,382	7/1/2024	9/30/2025	-	-	(6,659)	6,659	66,208	105,329	-	-	(45,833)	\$ 6,712	(39,121)	
Total ESEA Title I, Part A Cluster						(47,841)	6,659	-	-	107,390	105,329	-	-	(45,833)	6,712	(39,121)	
I.D.E.A. Part B, Basic Regular	84.027A	H027A230100	286,017	7/1/2024	9/30/2025	-	-	-	-	286,017	286,017	-	-	-	-	-	
I.D.E.A. Part B, Preschool	84.173A	H173A230114	12,280	7/1/2024	9/30/2025	-	-	-	-	12,280	12,280	-	-	-	-	-	
Total Special Education Cluster (IDEA)						-	-	-	-	298,297	298,297	-	-	-	-	-	
NJ Learning Acceleration Program: High-Impact Tutoring Grant	21.027	C2221SLFRF21	28,434	7/1/2024	6/30/2025	-	-	-	-	5,302	5,368	23,066	(23,066)	(66)	-	(66)	
ESSER II - Coronavirus Response and Relief Supplem. Appropriations	84.425D	S425D240027	340,742	3/13/2020	9/30/2024	-	-	-	-	-	-	-	-	-	-	-	
American Rescue Plan (ARP) - ESSER III	84.425U	S425U240027	765,796	3/13/2020	9/30/2025	(55,894)	\$ 43,894	-	-	55,894	43,894	-	-	-	-	-	
American Rescue Plan (ARP) - Accelerated Learning Coach and Educator Support	84.425U	S425U240027	100,598	3/13/2020	9/30/2025	(10,116)	584	-	-	10,116	584	-	-	-	-	-	
American Rescue Plan (ARP) - Evidence Based Comprehensive Beyond the School Day	84.425U	S425U240027	40,000	3/13/2020	9/30/2025	(16,444)	6,254	-	-	14,940	4,750	1,504	(1,504)	-	-	-	
American Rescue Plan (ARP) - NJTSS Mental Health Support Staffing	84.425U	S425U240027	45,000	3/13/2020	9/30/2025	(24,100)	-	-	-	24,100	-	-	-	-	-	-	
NJ Learning Acceleration Program: High-Impact Tutoring Grant	84.425V	S425V240031	67,680	10/11/2024	8/31/2025	(56,875)	49,487	-	-	33,940	26,552	22,935	(22,935)	-	-	-	
Total Elementary and Secondary School Emergency Relief Fund Cluster (ESSER)						(163,429)	100,219	-	-	138,990	75,780	24,439	(24,439)	-	-	-	
Total Special Revenue Fund						(211,270)	106,878	-	-	549,979	484,774	47,505	(47,505)	(45,899)	6,712	(39,187)	
Total Federal Financial Awards						\$ (211,570)	\$ 106,878	\$ -	\$ -	\$ 555,553	\$ 490,375	\$ 47,505	\$ (47,505)	\$ (46,226)	\$ 6,712	\$ (39,514)	

The Federal Programs were not subject to an audit in accordance with Uniform Guidance.

CLOSTER BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2025

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2024			Balance at June 30, 2025			MEMO		
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
Special Education Aid	24-495-034-5120-089	1,277,579	7/1/2023	6/30/2024	\$ (112,876)		\$ 112,876					*	
Special Education Aid	25-495-034-5120-089	1,399,363	7/1/2024	6/30/2025			1,272,488	\$ 1,399,363	\$ (126,875)			\$ 1,399,363	
Security Aid	24-495-034-5120-084	91,347	7/1/2023	6/30/2024	(8,071)		8,071		-			*	
Security Aid	25-495-034-5120-084	114,037	7/1/2024	6/30/2025	-	-	103,698	114,037	(10,339)	-		114,037	
Total State Aid Public Cluster					(120,947)	-	1,497,133	1,513,400	(137,214)	-		1,513,400	
Transportation Aid	24-495-034-5120-014	93,632	7/1/2023	6/30/2024	(8,272)		8,272		-			*	
Transportation Aid	25-495-034-5120-014	93,632	7/1/2024	6/30/2025	-		85,143	93,632	(8,489)			93,632	
Additional Nonpublic Transportation Aid	24-495-034-5120-014	14,083	7/1/2023	6/30/2024	(14,083)		14,083		-			*	
Additional Nonpublic Transportation Aid	25-495-034-5120-014	13,417	7/1/2024	6/30/2025	-	-	-	13,417	(13,417)	-	\$ (13,417)	13,417	
Total Transportation Aid Cluster					(22,355)	-	107,498	107,049	(21,906)	-	(13,417)	107,049	
Extraordinary Aid	24-495-034-5120-044	662,347	7/1/2023	6/30/2024	(596,391)		596,391	-	-			*	
Extraordinary Aid	25-495-034-5120-044	498,703	7/1/2024	6/30/2025	-	-	-	498,703	(498,703)	-		498,703	
Total Extraordinary Aid					(596,391)	-	596,391	498,703	(498,703)	-		498,703	
Reimbursed TPAF Social Security Tax	23-495-034-5094-003	796,891	7/1/2023	6/30/2024	(39,171)		39,171		-			*	
Reimbursed TPAF Social Security Tax	24-495-034-5094-003	867,060	7/1/2024	6/30/2025	-	-	824,756	867,060	(42,304)	-	(42,304)	867,060	
Total Reimbursed TPAF Social Security Tax					(39,171)	-	863,927	867,060	(42,304)	-	(42,304)	867,060	
On-Behalf TPAF - Pension Contribution	25-495-034-5094-002	3,604,775	7/1/2024	6/30/2025			3,604,775	3,604,775				3,604,775	
On-Behalf TPAF - Pension-NCGI Premium	25-495-034-5094-004	44,654	7/1/2024	6/30/2025			44,654	44,654				44,654	
On-Behalf TPAF - Post-Retirement Medical Benefits	25-495-034-5094-001	1,066,366	7/1/2024	6/30/2025			1,066,366	1,066,366				1,066,366	
On-Behalf TPAF - LTDI Premium	25-495-034-5094-004	1,596	7/1/2024	6/30/2025			1,596	1,596				1,596	
On-Behalf Teachers' Pension and Annuity Fund Cluster					-	-	4,717,391	4,717,391	-	-		4,717,391	
Total General Fund					(778,864)	-	7,782,340	7,703,603	(700,127)	-	(55,721)	7,703,603	
Special Revenue Fund:													
N.J. Nonpublic Aid - Other:													
Textbook Aid	25-100-034-5120-064	3,068	7/1/2024	6/30/2025			3,068	3,068				3,068	
Technology Aid	25-100-034-5120-373	2,940	7/1/2024	6/30/2025			2,940	2,940				2,940	
Total N.J. Nonpublic Aid - Other					-	-	6,008	6,008	-	-		6,008	
Nonpublic Auxiliary Aid Services (Chapter 192):													
Compensatory Education	24-100-034-5120-067	4,046	7/1/2023	6/30/2024		\$ 1,618			\$ 1,618			-	
Compensatory Education	25-100-034-5120-067	8,670	7/1/2024	6/30/2025			8,670			\$ 8,670		-	
English as a Second Language	24-100-034-5120-067	5,219	7/1/2023	6/30/2024		2,930			2,930			-	
English as a Second Language	25-100-034-5120-067	7,064	7/1/2024	6/30/2025			7,064			7,064		-	
Nonpublic Auxiliary Services Aid (Chapter 192) Cluster:					-	4,548	15,734		4,548		15,734	-	
Nonpublic Handicapped Aid (Chapter 193):													
Initial Examination and Classification	24-100-034-5120-066	7,297	7/1/2023	6/30/2024			4,265		4,265			-	
Initial Examination and Classification	25-100-034-5120-066	7,204	7/1/2024	6/30/2025			7,204	6,445		759		6,445	
Supplementary Instruction	24-100-034-5120-066	2,478	7/1/2023	6/30/2024			1,187		1,187			-	
Supplementary Instruction	25-100-034-5120-066	5,121	7/1/2024	6/30/2025			5,121	3,056		2,065		3,056	
Speech Correction	24-100-034-5120-066	6,231	7/1/2023	6/30/2024			3,162		3,162			-	
Speech Correction	25-100-034-5120-066	9,114	7/1/2024	6/30/2025			9,114	4,278		4,836		4,278	
Nonpublic Handicapped Aid (Chapter 193) Cluster:					-	8,614	21,439	13,779	8,614		7,660	13,779	
Total Special Revenue Fund					-	13,162	43,181	19,787	13,162		23,394	19,787	
Debt Service Fund													
School Construction Debt Service Aid	25-495-034-5120-075	155,472	7/1/2024	6/30/2025			155,472	155,472				155,472	
Total Debt Service Fund							155,472	155,472				155,472	
Total State Financial Assistance					\$ (778,864)	\$ 13,162	\$ 7,980,993	\$ 7,878,862	\$ 13,162	\$ (700,127)	\$ 23,394	* \$ (55,721)	\$ 7,878,862
Less: On-Behalf TPAF Contributions													
On-Behalf TPAF - Pension Contribution	25-495-034-5094-002		7/1/2024	6/30/2025				(3,604,775)					
On-Behalf TPAF - Pension-NCGI Premium	25-495-034-5094-004		7/1/2024	6/30/2025				(44,654)					
On-Behalf TPAF - Post-Retirement Medical Benefits	25-495-034-5094-001		7/1/2024	6/30/2025				(1,066,366)					
On-Behalf TPAF - LTDI Premium	25-495-034-5094-004		7/1/2024	6/30/2025				(1,596)					
Total for State Financial Assistance-Major Program Determination								\$ 3,161,471					

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of this Statement.

**CLOSTER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 REPORTING ENTITY

The Closter Board of Education (the “Board” or the “District”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Board is the reporting entity for these programs. The Board is defined in Note 1 (A) to the Board’s Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Board. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. 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 Principals, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board’s financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board’s summary of significant accounting policies are described in Note 1 to the Board’s financial statements.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$81,204 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 7,784,807	\$ 7,784,807
Special Revenue Fund	\$ 484,774	19,787	504,561
Debt Service		155,472	155,472
Food Service Fund	<u>5,601</u>	<u>-</u>	<u>5,601</u>
Total Awards Financial Assistance	<u>\$ 490,375</u>	<u>\$ 7,960,066</u>	<u>\$ 8,450,441</u>

**CLOSTER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 6 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$867,060 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2025. The amount reported as TPAF Pension System Contributions in the amount of \$3,649,429, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,066,366 and TPAF Long-Term Disability Insurance in the amount of \$1,596 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2025.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 8 DE MINIMIS INDIRECT COST RATE

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

CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to basic financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards Section

Not Applicable

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? _____ yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>25-495-034-5120-089</u>	<u>Special Education Aid - State Aid Public Cluster</u>
<u>25-495-034-5120-084</u>	<u>Security Aid - State Aid Public Cluster</u>
<u>25-495-034-5120-044</u>	<u>Extraordinary Aid</u>

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

Auditee qualified as low-risk auditee? X yes _____ no

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not applicable.

CURRENT YEAR STATE AWARDS

There are none.