

**FRENCHTOWN BOROUGH
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2020

**Responsibility of the Management of
Frenchtown Borough School District
Hunterdon County, New Jersey**



**FRENCHTOWN BOROUGH
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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**EDITH ORT THOMAS ELEMENTARY SCHOOL
FRENCHTOWN ELEMENTARY SCHOOL DISTRICT
902 Harrison Street
Frenchtown, New Jersey 08825
Phone (908) 996-2751
Fax (908) 996-3599**

Daria Wasserbach
Superintendent

Teresa O'Brien
Business Administrator/Board Secretary

January 5, 2021

Honorable President and
Members of the Board of Education
Frenchtown Elementary School District
Hunterdon County, New Jersey

The comprehensive annual financial report of the Frenchtown Elementary School District for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report of the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Frenchtown School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Frenchtown Board of Education and the school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through eight. This includes regular, as well as special education for special need students. The District completed the 2019-2020 fiscal year with an enrollment of 127 students. The following details the changes in the student enrollment of the district over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2019-2020	127	-3.0%
2018-2019	131	-2.9%
2017-2018	135	8.0%
2016-2017	125	10.0%
2015-2016	139	-4.2%

2) ECONOMIC CONDITION AND OUTLOOK: The Frenchtown area outlook for development and expansion has some potential housing development pending. Land development has begun for a housing community located across from the school.

3) MAJOR INITIATIVES: The District entered into an arrangement with Delaware Valley Regional High School to provide Superintendent, Business Services and Facilities Management Services to the District. This arrangement has been very beneficial to the District both financially and academically. The Frenchtown Board of Education has completed a Strategic Planning Process. Over the next several years the board and administration will be setting goals and actions to move the District forward in the areas identified in the Strategic Plan. A focus group will be developed to help identify the specific areas of need and grow and to assist with molding the future. Some items being considered are expansion of the co-curricular offerings, diversity education and sustainability. The board and the administration is currently considering a middle school send/receive contract with another local district as a long-range financial plan to deal with the proposed state aid reductions. This will also expand educational and co-curricular opportunities for Frenchtown students.

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

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: 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 financial management for the fiscal year ended June 30, 2020.

The funding formula from the State of New Jersey, Department of Education established the above maximum permitted net budget, dictated the amount of fund balance the District could maintain and reduced the amount of unrestricted state aid received. Within these constraints, the Frenchtown Board of Education provided a thorough and efficient education in alignment with the emerging core curriculum standards.

8) DEBT ADMINISTRATION: At June 30, 2020, the District had outstanding debt issues of \$1,048,000. On September 30, 2015, the voters of Frenchtown Borough authorized a bond issuance for capital improvements at the Edith Ort Thomas Elementary School in the amount of \$1,353,000. Bonds were issued at an interest rate of 3.0% to 3.13%.

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

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

11) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPAs, PC, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to single audit are included in the single audit section of this report.

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

Respectfully submitted,



Daria Wasserbach
Superintendent



Teresa O'Brien
Business Administrator/Board Secretary

Frenchtown Board of Education

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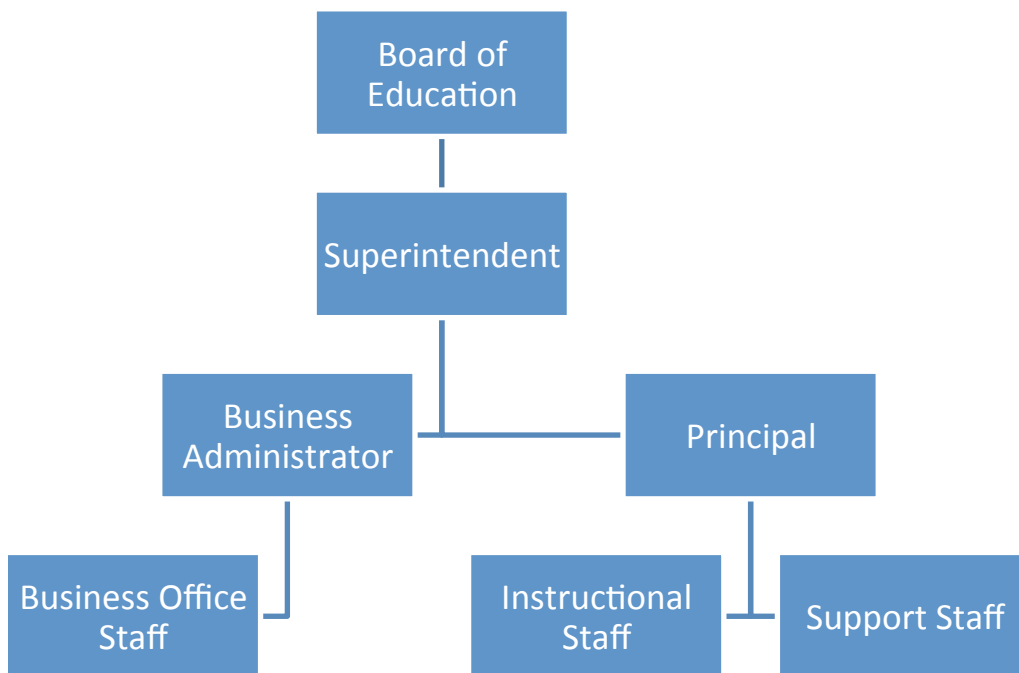
Website: www.frenchtownscool.org



Daria A. Wasserbach
Superintendent

Teresa E. Barna
Business Administrator/Board Secretary

James Hintenach
Principal



FRENCHTOWN BOROUGH SCHOOL DISTRICT
Frenchtown, New Jersey
Roster of Officials
June 30, 2020

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Kate Nugent	President	2021
Teresa Pearson	Vice-President	2020
Adam Blackburn		2020
Kara Bobrowski		2020
Laine Nauman		2021
Laura Einhorn		2022
Hugo Rodriguez		2022

<u>Other Officials</u>	<u>Title</u>
Daria A, Wasserbach	Superintendent
Teresa O'Brien	Board Secretary/School Business Administrator
James Hintenach	Principal

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Frenchtown, New Jersey
Consultants and Advisors
June 30, 2020

AUDIT FIRM

BKC, CPAs, PC
39 State Route 12, Ste 2
Flemington, NJ 08822

ATTORNEY

Cleary Giacobbe Alfieri Jacobs, LLC
5 Ravine Drive
Matawan, NJ 07747

OFFICIAL DEPOSITORY

PNC Bank
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Keene, NH 03431



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Frenchtown Borough School District
County of Hunterdon, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Frenchtown Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2020, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Frenchtown Borough School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance* required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 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 District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

January 5, 2021
Flemington, New Jersey

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The discussion and analysis of Frenchtown School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- In total, net position decreased \$27,533 which represents a 1.03% decrease from 2019.
- General revenues accounted for \$3,639,683 in revenue or 96.48% of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$132,887 or 3.52% of total revenues of \$3,772,570.
- Total assets of governmental activities decreased by \$141,908. As cash and cash equivalents increased by \$39,085, receivables and other assets decreased by \$11,478 and capital assets decreased by \$169,515.
- The School District had \$3,800,123 in expenses; only \$132,887 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of \$3,639,683 were adequate to provide for these expenses.
- Among major funds, the general fund had \$3,160,129 in revenues and \$3,083,172 in expenditures. The general fund's balance increased \$76,957 from 2019.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Frenchtown Borough School District as a financial whole, 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 whole School District, presenting both an aggregate view of the School 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 tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Frenchtown Borough School District, the general fund is by far the most significant fund.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question; "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities 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 net position. This change in net position is important because it tells the reader that, for the School District, the financial position of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School 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 School District reports governmental and business activities. Governmental activities are the activities where most of the School District's programs and services are reported, including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Business activities are the services provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The food service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for the fiscal year ended June 30, 2020 compared to June 30, 2019.

Table 1
Net Position

	06/30/20	06/30/19	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 578,695	\$ 557,592	\$ 21,103	3.78%
Capital assets	3,761,323	3,931,367	(170,044)	-4.33%
Total assets	<u>4,340,018</u>	<u>4,488,959</u>	<u>(148,941)</u>	<u>-3.32%</u>
Deferred outflows of resources	106,424	146,747	(40,323)	-27.48%
Liabilities				
Long-term liabilities	1,574,013	1,690,873	(116,860)	-6.91%
Other liabilities	22,850	65,031	(42,181)	-64.86%
Total liabilities	<u>1,596,863</u>	<u>1,755,904</u>	<u>(159,041)</u>	<u>-9.06%</u>
Deferred inflows of resources	203,687	206,357	(2,670)	-1.29%
Net position				
Net investment in capital assets	2,713,323	2,803,367	(90,044)	-3.21%
Restricted	275,839	255,233	20,606	8.07%
Unrestricted	(343,270)	(385,155)	41,885	10.87%
Total net position	<u>\$ 2,645,892</u>	<u>\$ 2,673,445</u>	<u>\$ (27,553)</u>	<u>-1.03%</u>

Total assets decreased \$148,941. Cash and cash equivalents increased by \$35,786, receivables and other assets decreased by \$14,683, and capital assets decreased by \$170,044. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the District increased by \$41,885.

The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Table 2 shows changes in net position for the fiscal year ended June 30, 2020 compared to June 30, 2019.

Table 2
Changes in Net Position

	06/30/20	06/30/19	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 59,235	\$ 124,910	\$ (65,675)	-52.58%
Operating grants	73,652	105,539	(31,887)	-30.21%
General revenues				
Property taxes	2,130,286	2,056,726	73,560	3.58%
Unrestricted grants	1,494,162	1,857,836	(363,674)	-19.58%
Other	15,235	4,242	10,993	259.15%
Total revenues	<u>3,772,570</u>	<u>4,149,253</u>	<u>(376,683)</u>	-9.08%
Program expenses				
Instruction				
Regular	1,704,060	1,900,597	(196,537)	-10.34%
Special	609,041	634,158	(25,117)	-3.96%
Other	20,973	43,917	(22,944)	-52.24%
Support services				
Tuition	43,687	76,767	(33,080)	-43.09%
Student & instructional staff services	709,566	808,291	(98,725)	-12.21%
General & business administration	261,677	179,427	82,250	45.84%
School administration	123,167	98,802	24,365	24.66%
Maintenance	250,550	332,298	(81,748)	-24.60%
Transportation	26,492	69,994	(43,502)	-62.15%
Food service	5,908	54,309	(48,401)	-89.12%
Interest on long-term debt	45,002	47,396	(2,394)	-5.05%
Total expenses	<u>3,800,123</u>	<u>4,245,956</u>	<u>(445,833)</u>	-10.50%
Increase (decrease) in net position	<u>\$ (27,553)</u>	<u>\$ (96,703)</u>	<u>\$ 69,150</u>	-71.51%

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Local property taxes made up 56.47% of revenues for district-wide activities for the Frenchtown School District for fiscal year 2020.

Instruction comprises 61.42% of district expenses. Support service expenses make up 38.58% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for June 30, 2020 compared to June 30, 2019 by identifying the cost of services supported by tax revenue and unrestricted State entitlements.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/20	06/30/19	06/30/20	06/30/19
Instruction	\$ 2,334,074	\$ 2,578,672	\$ 2,234,662	\$ 2,485,338
Support services				
Tuition	43,687	76,767	43,687	42,452
Student & instructional staff	709,566	808,291	679,391	760,010
General & business administration	261,677	179,427	261,677	179,427
School administration	123,167	98,802	123,167	98,802
Plant operations & maintenance	250,550	332,298	247,250	328,998
Pupil transportation	26,492	69,994	26,492	69,994
Food services	5,908	54,309	5,908	3,090
Interest on long-term debt	45,002	47,396	45,002	47,396
	<u>\$ 3,800,123</u>	<u>\$ 4,245,956</u>	<u>\$ 3,667,236</u>	<u>\$ 4,015,507</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration, and business administration include expenses associated with administrative and financial supervision of the School District.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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 activities, as provided by state law.

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities, including capital projects, local tax revenue support is 63.65% of governmental funds. The community, as a whole, is the primary support for the Frenchtown Public School District.

The Schools District's Funds

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$3,347,075, expenditures of \$3,279,512. The general fund had an increase in fund balance of \$67,563.

General Fund Budgeting Highlights

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

During fiscal year 2020, the School District amended its general fund budget as needed. The School District uses program-based budgeting, and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general fund, budgetary basis revenues were \$2,685,823, \$1,455 below original budgeted estimates of \$2,687,278.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Capital Assets

At the end of the fiscal year 2020, the School District had \$3,761,324 invested in land, building, and furniture and equipment. Table 4 provides a summary of the School District's capital assets' net depreciation for the fiscal year ended June 30, 2020 compared to June 30, 2019.

Table 4
Capital Assets (Net of Depreciation)

	06/30/20	06/30/19	Variance	
			Dollars	Percent
Land	\$ 69,500	\$ 69,500	\$ -	0.00%
Construction in progress	-	114,536	(114,536)	-100.00%
Land improvements	-	322	(322)	-100.00%
Buildings & improvements	3,553,164	3,575,533	(22,369)	-0.63%
Furniture & equipment	138,659	171,476	(32,817)	-19.14%
Total	\$ 3,761,324	\$ 3,931,367	\$ (170,044)	-4.33%

Overall capital assets decreased \$170,044 from fiscal year 2019 to fiscal year 2020. Increases in capital assets (primarily buildings and improvements, and furniture and equipment) were offset by depreciation expenses for the year.

Long-term liabilities

At June 30, 2020, the School District had \$1,574,013 of long-term liabilities. This amount is detailed in Table 5 below for the fiscal year ended June 30, 2020 compared to June 30, 2019.

At June 30, 2020, the legal debt limit is \$5,158,579. General obligation debt at June 30, 2020 is \$1,048,000, resulting in a legal debt margin of \$4,110,579.

Table 5
Long-Term Liabilities at Year End

	06/30/20	06/30/19	Variance	
			Dollars	Percent
2015 General obligation bonds	\$ 1,048,000	\$ 1,128,000	\$ (80,000)	-7.09%
PERS net pension liability	505,559	542,419	(36,860)	-6.80%
Compensated absences	20,454	20,454	-	0.00%
	\$ 1,574,013	\$ 1,690,873	\$ (116,860)	-6.91%

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

For the Future

The Frenchtown District is in good financial condition presently. The School District is proud of its community support of the public school. Major concerns are supporting the special education population, proposed state aid reductions and the future of the school choice program.

Frenchtown Borough is primarily a residential community, with very few commercial ratables; thus, a large part of the tax burden is borne by homeowners. A residential complex is being considered on a parcel of land across the street from the school building. This would bring some needed ratables and potentially more children. As the reality of this development draws closer, there have been concerns raised about how many students the development might produce and what the education needs will be of the students from this area. The borough is also considering an alternative arrangement with the developer for Payment in Lieu of Taxes (PILOT). The borough is discussing the possibility of sharing the revenues generated from the PILOT.

The Frenchtown Board of Education and Administration are acutely aware of this burden on the community and have sought alternate revenue sources. The District has actively sought tuition students in both its Preschool and Elementary programs. It has also sought out shared services opportunities with other local Districts and are currently sharing staff (Superintendent, Business Administrator, Facilities Manager, World Language Teacher and ESL Teacher), and services (food service, broadband access, transportation). It also actively participated in bids for supplies, energy and communication services.

In conclusion, the Frenchtown District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact: Teresa O'Brien, School Business Administrator, Frenchtown School District, 902 Harrison, St., Frenchtown, NJ 08825 (908) 996-2751.

REQUIRED SUPPLEMENTARY INFORMATION - PART I

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 283,412	\$ -	\$ 283,412
Receivables, net	19,444	-	19,444
Restricted assets			
Capital reserve - cash	159,750	-	159,750
Emergency reserve - cash	30,000	-	30,000
Maintenance reserve - cash	86,089	-	86,089
Capital assets, net			
Land	69,500	-	69,500
Other capital assets, net of depreciation	3,687,948	3,875	3,691,823
Total assets	<u>4,336,143</u>	<u>3,875</u>	<u>4,340,018</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>106,424</u>	<u>-</u>	<u>106,424</u>
Liabilities			
Accounts payable	3,296	-	3,296
Accrued interest	14,710	-	14,710
Unearned revenue	4,016	-	4,016
Payables to other governments	3	-	3
Other current liabilities	825	-	825
Long-term liabilities			
Due within one year	80,000	-	80,000
Due beyond one year	1,494,013	-	1,494,013
Total liabilities	<u>1,596,863</u>	<u>-</u>	<u>1,596,863</u>
Deferred inflows of resources			
Deferred amount on pension activity	<u>203,687</u>	<u>-</u>	<u>203,687</u>
Net position			
Net investment in capital assets	2,709,448	3,875	2,713,323
Restricted for			
Capital reserve	159,750	-	159,750
Emergency reserve	30,000	-	30,000
Maintenance reserve	86,089	-	86,089
Unrestricted	<u>(343,270)</u>	<u>-</u>	<u>(343,270)</u>
Total net position	<u>\$ 2,642,017</u>	<u>\$ 3,875</u>	<u>\$ 2,645,892</u>

See accompanying notes to financial statements.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 1,083,531	\$ 620,529	\$ 55,935	\$ 22,480	\$ -	\$ (1,625,645)	\$ -	\$ (1,625,645)
Special education	395,353	190,999	-	-	-	(586,352)	-	(586,352)
Other special education	20,997	1,692	-	20,997	-	(1,692)	-	(1,692)
Other instruction	19,494	1,479	-	-	-	(20,973)	-	(20,973)
Support services								
Tuition	43,687	-	-	-	-	(43,687)	-	(43,687)
Students & instruction related services	503,013	206,553	-	30,175	-	(679,391)	-	(679,391)
General & business administration services	242,930	18,747	-	-	-	(261,677)	-	(261,677)
School administration services	95,890	27,277	-	-	-	(123,167)	-	(123,167)
Plant operations & maintenance	248,064	2,486	3,300	-	-	(247,250)	-	(247,250)
Pupil transportation	26,303	189	-	-	-	(26,492)	-	(26,492)
Interest on long-term debt	45,002	-	-	-	-	(45,002)	-	(45,002)
Total governmental activities	<u>2,724,264</u>	<u>1,069,951</u>	<u>59,235</u>	<u>73,652</u>	<u>-</u>	<u>(3,661,328)</u>	<u>-</u>	<u>(3,661,328)</u>
Business-type activities								
Food service	5,908	-	-	-	-	-	(5,908)	(5,908)
Total business-type activities	<u>5,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,908)</u>	<u>(5,908)</u>
Total primary government	<u>\$ 2,730,172</u>	<u>\$ 1,069,951</u>	<u>\$ 59,235</u>	<u>\$ 73,652</u>	<u>\$ -</u>	<u>(3,661,328)</u>	<u>(5,908)</u>	<u>(3,667,236)</u>
			General revenues, special items & transfers					
			Property taxes levied for general purposes			2,016,992	-	2,016,992
			Property taxes levied for debt service			113,294	-	113,294
			Federal & state aid not restricted			1,494,162	-	1,494,162
			Investment earnings			8,804	-	8,804
			Miscellaneous income			6,431	-	6,431
			Total general revenues, special items & transfers			<u>3,639,683</u>	<u>-</u>	<u>3,639,683</u>
			Change in net position			(21,645)	(5,908)	(27,553)
			Net position-beginning			2,663,662	9,783	2,673,445
			Net position-ending			<u>\$ 2,642,017</u>	<u>\$ 3,875</u>	<u>\$ 2,645,892</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 283,412	\$ -	\$ -	\$ -	\$ 283,412
Due from other funds	6,718	-	-	-	6,718
Receivables from other governments					
State	11,232	-	-	-	11,232
Federal	-	7,862	-	-	7,862
Other accounts receivable	350	-	-	-	350
Restricted cash and cash equivalents	275,839	-	-	-	275,839
Total assets	\$ 577,551	\$ 7,862	\$ -	\$ -	\$ 585,413
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 6,718	\$ -	\$ -	\$ 6,718
Accounts payable	3,296	-	-	-	3,296
Intergovernmental payable	-	3	-	-	3
Other current liabilities	825	-	-	-	825
Unearned revenue	2,875	1,141	-	-	4,016
Total liabilities	6,996	7,862	-	-	14,858

See accompanying notes to financial statements.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - current year	\$ 6,547	\$ -	\$ -	\$ -	\$ 6,547
Capital reserve	159,750	-	-	-	159,750
Emergency reserve	30,000	-	-	-	30,000
Maintenance reserve	86,089	-	-	-	86,089
Committed fund balance					
Encumbrances	10,251	-	-	-	10,251
Assigned fund balance					
Designated for subsequent year's expenditures	85,483	-	-	-	85,483
Unassigned fund balance	192,435	-	-	-	192,435
Total fund balances	<u>570,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,555</u>
Total liabilities and fund balances	<u>\$ 577,551</u>	<u>\$ 7,862</u>	<u>\$ -</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$5,850,805 and the accumulated depreciation is \$2,093,357.	3,757,448
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(97,263)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,574,013)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(14,710)</u>
Total net position of governmental activities	<u>\$ 2,642,017</u>

See accompanying notes to financial statements.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 2,016,992	\$ -	\$ -	\$ 113,294	\$ 2,130,286
Tuition charges					
Individuals	55,935	-	-	-	55,935
Interest on investments	8,804	-	-	-	8,804
Rents and royalties	3,300	-	-	-	3,300
Miscellaneous	6,431	250	-	-	6,681
Total local revenues	<u>2,091,462</u>	<u>250</u>	<u>-</u>	<u>113,294</u>	<u>2,205,006</u>
State sources	1,068,667	866	-	-	1,069,533
Federal sources	-	72,536	-	-	72,536
Total revenues	<u>3,160,129</u>	<u>73,652</u>	<u>-</u>	<u>113,294</u>	<u>3,347,075</u>
Expenditures					
Current					
Instructional					
Regular instruction	1,061,051	22,480	-	-	1,083,531
Special education instruction	395,353	-	-	-	395,353
Other special instruction	-	20,997	-	-	20,997
Other instruction	19,494	-	-	-	19,494
Support service & undistributed costs					
Tuition	43,687	-	-	-	43,687
Student & instruction related services	472,838	30,175	-	-	503,013
General & business administrative services	242,930	-	-	-	242,930
School administrative services	95,890	-	-	-	95,890
Plant operations & maintenance	248,064	-	-	-	248,064
Pupil transportation	26,303	-	-	-	26,303
Unallocated benefits	464,754	-	-	-	464,754

See accompanying notes to financial statements.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ -	\$ -	\$ 9,394	\$ -	\$ 9,394
Debt service					
Principal	-	-	-	80,000	80,000
Interest & other charges	12,808	-	-	33,294	46,102
Total expenditures	<u>3,083,172</u>	<u>73,652</u>	<u>9,394</u>	<u>113,294</u>	<u>3,279,512</u>
Excess (deficit) of revenues over (under) expenditures	76,957	-	(9,394)	-	67,563
Fund balances, July 1	<u>493,598</u>	<u>-</u>	<u>9,394</u>	<u>-</u>	<u>502,992</u>
Fund balances, June 30	<u><u>\$ 570,555</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 570,555</u></u>

See accompanying notes to financial statements.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Total net changes in fund balances - governmental fund (from B-2)	\$	67,563
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p> <p>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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:</p>		
Capital outlays	\$	9,394
Depreciation expense	<u>(178,909)</u>	(169,515)
<p>Repayment of debt principal and capital leases are expenditures the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Positions and are not reported in the Statement of Activities:</p>		
Debt principal payments		80,000
<p>Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
		(793)
<p>In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.</p>		
		<u>1,100</u>
Change in net position of governmental activities	<u>\$</u>	<u>(21,645)</u>

See accompanying notes to financial statements.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2020

	Food Service Fund
Assets	
Noncurrent assets	
Capital assets	\$ 23,377
Less: accumulated depreciation	19,502
Total noncurrent assets	3,875
Total assets	\$ 3,875
Net position	
Net investment in capital assets	\$ 3,875
Total net position	\$ 3,875

See accompanying notes to financial statements.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Food Service Fund
Operating expenses	
Depreciation	\$ 529
Miscellaneous expenditures	5,379
Total operating expenses	5,908
Operating income (loss)	(5,908)
Net position, beginning	9,783
Net position, ending	\$ 3,875

See accompanying notes to financial statements.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers (net)	\$ 1,057
Payments to vendors (net)	(4,918)
Net cash provided by (used for) operating activities	<u>(3,861)</u>
 Cash flows from non-capital financing activities	
State sources	20
Federal sources	542
Net cash provided by (used for) non-capital financing activities	<u>562</u>
 Net increase (decrease) in cash and cash equivalents	(3,299)
 Cash and cash equivalents, beginning	<u>3,299</u>
 Cash and cash equivalents, ending	<u><u>\$ -</u></u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (5,908)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	529
(Increase) decrease in accounts receivable	1,057
(Increase) decrease in inventory	1,586
Increase (decrease) in unearned revenue	<u>(1,125)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (3,861)</u></u>

See accompanying notes to financial statements.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2020

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
Assets			
Cash and cash equivalents	\$ 32,568	\$ 26,775	\$ 89,528
Total assets	\$ 32,568	\$ 26,775	\$ 89,528
Liabilities			
Due to student groups	\$ -	\$ 26,775	\$ -
Payroll deductions and withholdings	-	-	89,528
Total liabilities	-	\$ 26,775	\$ 89,528
Net position			
Held in trust for unemployment claims & other purposes	\$ 32,568		

See accompanying notes to financial statements.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Employee contributions	\$ 3,134
Total additions	<u>3,134</u>
Deductions	
Unemployment claims	<u>12,793</u>
Change in net position	(9,659)
Net position, beginning of the year	<u>42,227</u>
Net position, end of the year	<u><u>\$ 32,568</u></u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the Frenchtown Borough School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2020 of 127 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition 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. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, 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, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from non-operating 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.

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

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

Additionally, the District reports the following fund types:

Proprietary fund types

Proprietary Fund - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

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

The District's enterprise fund is comprised of the food service fund.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
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Fiduciary Fund Types

Trust and Agency Funds - This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the trust and agency funds of the District.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. 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.

E. Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2019-2020 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements & portable classroom	50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement Number 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents the difference between the sum of assets and deferred outflows of resources, and the sum of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the school district or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The school district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension contributions, reimbursed TPAF Social Security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows/inflows of resources

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

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed, as to amount of collection, by the municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the school district's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2020, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits, cash equivalents, and investments (continued)

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. The first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2020, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$	250,000
Insured by GUDPA		473,670
Total bank balances		\$ 723,670

Deposits at June 30, 2020 appear in the financial statements as summarized below:

Cash		\$	708,122
			708,122
<u>Ref.</u>			
Unrestricted cash			
Governmental funds, Balance Sheet	B-1	\$	283,412
Enterprise funds, Statement of Net Position	B-4		-
Fiduciary funds, Statement of Net Position	B-7		148,871
Restricted cash			
Governmental funds, Balance Sheet	B-1		275,839
Total cash		\$	708,122

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 69,500	\$ -	\$ -	\$ 69,500
Construction in progress	114,536	9,394	123,930	-
Total	<u>184,036</u>	<u>9,394</u>	<u>123,930</u>	<u>69,500</u>
Capital assets, being depreciated				
Land improvements	50,600	-	-	50,600
Building & improvements	5,079,585	123,930	-	5,203,515
Furniture & equipment	527,190	-	-	527,190
Total	<u>5,657,375</u>	<u>123,930</u>	<u>-</u>	<u>5,781,305</u>
Accumulated depreciation				
Land improvements	50,278	322	-	50,600
Building & improvements	1,504,052	146,299	-	1,650,351
Furniture & equipment	360,118	32,288	-	392,406
Total	<u>1,914,448</u>	<u>178,909</u>	<u>-</u>	<u>2,093,357</u>
Total capital assets, being depreciated, net	<u>3,742,927</u>	<u>(54,979)</u>	<u>-</u>	<u>3,687,948</u>
Transfers	-	(123,930)	(123,930)	-
Governmental activities capital assets, net	<u>\$ 3,926,963</u>	<u>\$ (169,515)</u>	<u>\$ -</u>	<u>\$ 3,757,448</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 23,377	\$ -	\$ -	\$ 23,377
Less: accumulated depreciation	18,973	529	-	19,502
Business type activities . capital assets, net	<u>\$ 4,404</u>	<u>\$ (529)</u>	<u>\$ -</u>	<u>\$ 3,875</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction		
Regular	\$	81,724
Special education		29,819
Other special instruction		1,584
Other instruction		1,470
Support services		
Student & instruction		37,939
General & business administration		18,323
School administration		7,232
Plant maintenance		818
Total depreciation expense, governmental activities	\$	<u>178,909</u>

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 1,128,000	\$ -	\$ 80,000	\$ 1,048,000	\$ 80,000
Compensated absences payable	20,454	-	-	20,454	-
PERS net pension liability	542,419	-	36,860	505,559	-
Total governmental activities long-term liabilities	\$ 1,690,873	\$ -	\$ 116,860	\$ 1,574,013	\$ 80,000

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2020, including interest payments are listed as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 80,000	\$ 30,894	\$ 110,894
2022	85,000	28,419	113,419
2023	85,000	25,869	110,869
2024	90,000	23,244	113,244
2025	90,000	20,544	110,544
2026 - 2030	505,000	57,831	562,831
2031	113,000	1,766	114,766
Total	\$ 1,048,000	\$ 188,567	\$ 1,236,567

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

General Obligation Bonds - General obligation school building bonds payable at June 30, 2020, with their outstanding balances are comprised of the following individual issues:

\$1,353,000 - 2015 general obligation school building bonds, due in annual installments of \$75,000 to \$139,000, beginning July 15, 2016, through July 15, 2030, interest at 3.00% to 3.125%.	<u>\$ 1,048,000</u>
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The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2020 is \$5,158,579. General obligation debt at June 30, 2020 is \$1,048,000, resulting in a legal debt margin of \$4,110,579.

Note 6 - Pension plans

Description of systems

Substantially all of the District's employees participate in one of the following defined benefit public employee retirement systems which have been established by state statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The TPAF retirement system is considered a multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers.

A. Public employees' retirement systems (PERS)

Plan description

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

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 10 years of service.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
A. Public employees' retirement systems (PERS) (continued)
Plan description (continued)

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

Although the 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 excluding that attributable to employer-paid member contributions 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 presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2019 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019 measurement date.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, 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. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For State fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

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

The District's contractually required contribution rate for the year ended June 30, 2020 was 15.11% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2019:

Net pension liability	\$	505,559
Plan fiduciary net position		0.0028057826%
 Plan fiduciary net position as a percentage of the total pension liability		 56.27%

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate		
Price		2.75%
Wage		3.25%
 Salary increases (based on years of service)		
Through 2026		2.00% - 6.00%
Thereafter		3.00% - 7.00%
 Investment rate of return		 7.00%

Preretirement mortality rates were based on the Pub-10 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 generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 measurement date) 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 the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on 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. 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 actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2019 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (6.28%)	\$ 505,559
At a 1% lower rate (5.28%)	654,974
At a 1% higher rate (7.28%)	403,537

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2019 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,074	\$ 2,233
Changes of assumptions	50,482	175,478
Net difference between projected and actual earnings on pension plan investments	-	7,980
Changes in proportion and differences between District contributions and proportionate share of contributions	19,576	17,996
District contributions subsequent to the measurement date	27,292	-
Total	\$ 106,424	\$ 203,687

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) of \$27,292 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2019 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 10,344	\$ (1,270)	\$ 9,074
Changes of assumptions	89,382	(38,900)	50,482
Deferred inflows of resources			
Differences between expected and actual experience	(2,797)	564	(2,233)
Changes of assumptions	(173,437)	(2,041)	(175,478)
Difference between projected and actual earnings on pension plan investments	(5,088)	(2,892)	(7,980)
Net of deferred outflows	<u>\$ (81,596)</u>	<u>\$ (44,539)</u>	<u>\$ (126,135)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2020	\$ (14,598)
2021	(47,356)
2022	(42,287)
2023	(19,856)
2024	(2,038)
Total	<u>\$ (126,135)</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

Pension expense

For the fiscal year ended June 30, 2020, the District recognized net pension expense of \$28,087, which represents the District's proportionate share of allocable plan pension expense of \$23,439, plus the net amortization of deferred amounts from changes in proportion of \$4,538, and plus other adjustments to the net pension liability of \$110. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ending June 30, 2019 measurement date are as follows:

Service cost	\$	19,471
Interest on total pension liability		57,711
Member contributions		(13,411)
Administrative expense		355
Expected investment return net of investment expense		(35,809)
Pension expense related to specific liabilities of individual employers		(168)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		4,345
Amortization of expected versus actual experience		(13,280)
Amortization of projected versus actual investment earnings on pension plan investments		4,225
Pension expense	\$	<u>23,439</u>

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Plan description (continued)

The following represents the membership tiers for TPAF:

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

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

Contributions

The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

During the State fiscal year ended June 30, 2019, the State of New Jersey contributed \$246,175 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2019 measurement date is as follows:

District proportionate share of net pension liability	\$	10,286,230
Less: State proportionate share of net pension liability		2,772,208
Net pension liability	\$	7,514,022
Proportionate share		0.0122436156%
Plan fiduciary net position as a percentage of the total pension liability		26.95%

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Actuarial assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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 (based on years of service)	
Through 2026	1.55 - 4.45%
Thereafter	2.75 - 5.65%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 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-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's 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 (7.00% at June 30, 2019) 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 the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on 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. 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 70% of the actuarially determined contributions for the State.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Discount rate (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2019 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (5.60%)	\$ 7,514,022
At a 1% lower rate (4.60%)	8,860,696
At a 1% higher rate (6.60%)	6,396,709

Pension expense

The components of allocable pension expense, which pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2019 measurement date are as follows:

Service cost	\$ 229,880
Interest on total pension liability	513,198
Member contributions	(103,352)
Administrative expense	1,700
Expected investment return net of investment expense	(188,450)
Pension expense related to specific liabilities of individual employers	(37)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	21,769
Amortization of expected versus actual experience	(72,878)
Amortization of projected versus actual investment earnings on pension plan investments	41,367
Pension expense	<u>\$ 443,197</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2020) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ending 2020 was \$3,613.

D. Other pension plan information

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$99,461 to the TPAF for postretirement medical benefits, \$4,721 for non-contributory insurance premiums, \$481 for long-term disability insurance, and \$263,381 for normal costs and accrued liability costs on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$88,548 during the fiscal year ended June 30, 2020 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

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 provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternative Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. 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. In fiscal year 2019, the State paid PRM benefits for 153,893 State and local retirees.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have remained consistent with fiscal year 2019 amounts. The State has appropriated 1.612 billion in fiscal year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The fiscal year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in fiscal year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Total OPEB liability (continued)

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2019 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 41,729,081,045
District's proportionate share of the State's OPEB liability	4,400,205
Employer OPEB expense and related revenue	(17,702)
Allocable proportionate percentage	0.0095426708%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2018	\$ 5,210,500
Service cost	180,223
Interest cost	206,109
Change of benefit terms	-
Differences between expected and actual experiences	(1,131,165)
Changes of assumptions	65,607
Member contributions	4,004
Gross benefit payments	(135,073)
Total OPEB liability at June 30, 2019	<u>\$ 4,400,205</u>

There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

The total non-employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF</u>	<u>PERS</u>
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 3.05%	2.00% - 6.00%
Thereafter	1.55% - 3.05%	3.00% - 7.00%

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. 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-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for June 30, 2019 was 3.50%. 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.

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2019 measurement date, using the District’s allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.50%)	\$	4,400,205
At a 1% lower rate (2.50%)		5,201,938
At a 1% higher rate (4.50%)		3,762,910

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	4,400,205
At a 1% lower rate (1% decrease)		3,637,026
At a 1% higher rate (1% increase)		5,409,539

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense (revenue) of (\$17,702) determined by the State as the total for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 8 - Deferred compensation

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The Plan Administrators are as follows:

- Equitable
- Variable Annuity Life Insurance Co.
- Lincoln Investment Planning

Note 9 - Interfund receivable and payables

As of June 30, 2020, the Special Revenue Fund had an interfund payable for \$6,718 due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

Note 10 - Contingent liabilities

Amounts received, or are receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Risk management

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the District is required to reimburse the NJ 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, and interest earnings, employee contributions, reimbursements to the state for benefits paid and the ending balance of the District’s unemployment trust fund for the current and previous two years:

<u>Fiscal year</u>	<u>Board Contrib.</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019 - 2020	\$ -	\$ -	\$ 3,134	\$ 12,793	\$ 32,568
2018 - 2019	-	148	3,125	11,696	42,227
2017 - 2018	-	85	3,498	1,218	50,650

Note 12 - Reserve accounts

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

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long-Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Reserve accounts (continued)

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$30,000 to their emergency reserve by Board Resolution in June 2020 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 159,750	\$ -	\$ -	\$ -	\$ -	\$ 159,750
Emergency	-	30,000	-	-	-	30,000
Maintenance	86,089	-	-	-	-	86,089
Total	<u>\$ 245,839</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,839</u>

Note 13 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2020 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 6,547
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	159,750
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	30,000
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	86,089

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	10,251
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Assigned

Designated surplus - Designated for subsequent year's expenditures - represents amount appropriated in the succeeding year's budget to reduce tax requirements.	85,483
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	<u>249,498</u>
Total fund balance - Budgetary basis (Exhibit C-1)	627,618
Last state aid payments not recognized on GAAP basis	<u>(57,063)</u>
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 570,555</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$0.

Note 15 - Operating lease

At June 30, 2020, the District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

2021	\$	4,407
2022		4,407
2023		4,407
2024		4,407
Total		\$ 17,628

Note 16 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2020 of (\$343,270) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the state.

Note 17 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. This statement is effective for reporting periods beginning after June 15, 2021 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement is effective for reporting periods beginning after December 15, 2019 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 18 - Risks and uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The “COVID-19 outbreak”) and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity, and future results of operations.

Note 19 - Subsequent events

The District has evaluated subsequent events through January 5, 2021, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

FRENCHTOWN BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 2,016,992	\$ -	\$ 2,016,992	\$ 2,016,992	\$ -
Tuition from individuals	81,950	-	81,950	55,935	(26,015)
Rents and royalties	3,300	-	3,300	3,300	-
Unrestricted miscellaneous revenues	1,500	-	1,500	15,235	13,735
Interest earned on capital reserve funds	100	-	100	-	(100)
Total	2,103,842	-	2,103,842	2,091,462	(12,380)
State sources					
School choice aid	67,448	-	67,448	67,448	-
Extraordinary aid	-	-	-	10,925	10,925
Categorical special education aid	65,461	-	65,461	65,461	-
Equalization aid	450,527	-	450,527	450,527	-
TPAF Pension (on-behalf)	-	-	-	268,102	268,102
TPAF Social Security (reimbursed)	-	-	-	88,548	88,548
TPAF Postretirement benefits	-	-	-	99,461	99,461
TPAF Long-term disability insurance	-	-	-	481	481
Total	583,436	-	583,436	1,050,953	467,517
Total revenues	\$ 2,687,278	\$ -	\$ 2,687,278	\$ 3,142,415	\$ 455,137
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 88,584	\$ 1,089	\$ 89,673	\$ 87,913	\$ 1,760
Grades 1-5	420,574	(15,228)	405,346	401,622	3,724
Grades 6-8	266,323	132	266,455	261,837	4,618
Home instruction					
Salaries of teacher	500	-	500	-	500
Purchased professional - educational services	500	-	500	-	500
Regular programs - undistributed instruction					
Purchased professional - educational services	-	3,102	3,102	3,102	-
Purchased technical services	-	12,000	12,000	12,000	-
Other purchased services	28,246	(4,565)	23,681	23,290	391
General supplies	51,083	(11,395)	39,688	22,070	17,618
Textbooks	400	-	400	-	400
Other objects	2,911	-	2,911	1,666	1,245
Total	859,121	(14,865)	844,256	813,500	30,756
Special education					
Resource room/resource center					
Salaries of teachers	178,975	(1,745)	177,230	177,230	-
Other salaries for instruction	16,853	534	17,387	17,387	-
General supplies	2,000	(1,349)	651	651	-
Total	197,828	(2,560)	195,268	195,268	-

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Preschool disabilities - part-time					
Salaries of teachers	\$ 60,115	\$ (5,000)	\$ 55,115	\$ 55,115	\$ -
Other salaries for instruction	28,807	783	29,590	29,590	-
General supplies	527	(157)	370	77	293
Total	89,449	(4,374)	85,075	84,782	293
Total special education	287,277	(6,934)	280,343	280,050	293
School-sponsored co/extra curricular activities - instruction					
Salaries	7,910	-	7,910	5,822	2,088
Supplies and materials	300	-	300	-	300
Total	8,210	-	8,210	5,822	2,388
School-sponsored athletics - instruction					
Salaries	10,650	-	10,650	10,500	150
Purchased services	1,890	-	1,890	1,653	237
Supplies and materials	500	-	500	200	300
Total	13,040	-	13,040	12,353	687
Total instruction regular	\$ 1,167,648	\$ (21,799)	\$ 1,145,849	\$ 1,111,725	\$ 34,124
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 5,000	\$ (5,000)	\$ -	\$ -	\$ -
Tuition to priv. school for the disabled w/i State	-	43,687	43,687	43,687	-
Total	5,000	38,687	43,687	43,687	-
Undistributed expenditures - health services					
Salaries	59,335	(4,349)	54,986	54,986	-
Purchased professional and technical services	1,750	-	1,750	1,430	320
Supplies and materials	2,000	818	2,818	1,775	1,043
Other objects	100	(15)	85	85	-
Total	63,185	(3,546)	59,639	58,276	1,363
Undistributed expenditures - speech, ot, pt & related services					
Salaries	36,171	(1,787)	34,384	34,384	-
Purchased professional - educational services	27,000	(9,488)	17,512	170	17,342
Supplies and materials	300	-	300	-	300
Total	63,471	(11,275)	52,196	34,554	17,642
Undistributed expenditures - other supp. service stds. - extra service					
Salaries	21,299	12,382	33,681	33,680	1
Purchased professional - educational services	30,500	(30,500)	-	-	-
Total	51,799	(18,118)	33,681	33,680	1
Undistributed expenditures - guidance					
Salaries of other professional staff	24,766	-	24,766	24,766	-
Supplies and materials	250	(250)	-	-	-
Total	25,016	(250)	24,766	24,766	-

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - child study teams					
Salaries of other professional staff	\$ 74,149	\$ (2,984)	\$ 71,165	\$ 71,165	\$ -
Salaries of secretarial and clerical assistants	33,735	420	34,155	34,155	-
Purchased professional - educational services	13,700	-	13,700	13,337	363
Other purchased services	400	641	1,041	-	1,041
Supplies and materials	500	(500)	-	-	-
Total	122,484	(2,423)	120,061	118,657	1,404
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	38,000	(38,000)	-	-	-
Salaries of other professional staff	2,700	(2,700)	-	-	-
Other salaries	-	44,000	44,000	44,000	-
Total	40,700	3,300	44,000	44,000	-
Undistributed expenditures - edu. media service/sch. library					
Salaries	20,084	-	20,084	20,084	-
Purchased professional and technical services	8,400	-	8,400	7,795	605
Other purchased services	8,200	-	8,200	7,758	442
Supplies and materials	600	(45)	555	555	-
Total	37,284	(45)	37,239	36,192	1,047
Undistributed expenditures - instructional staff training services					
Other purchased services	-	967	967	207	760
Total	-	967	967	207	760
Undistributed expenditures - support service - general admin.					
Legal services	1,500	58,947	60,447	59,340	1,107
Audit fees	13,545	105	13,650	13,650	-
Purchased technical services	25,000	-	25,000	25,000	-
BOE other purchased services	900	(525)	375	375	-
Misc. purchased services	-	386	386	386	-
General supplies	375	(375)	-	-	-
Judgments against the school district	-	19,710	19,710	19,710	-
BOE membership dues and fees	2,320	81	2,401	2,401	-
Total	43,640	78,329	121,969	120,862	1,107
Undistributed expenditures - support service - school admin.					
Salaries of principals/assistant principals	35,000	(2,000)	33,000	33,000	-
Salaries of secretarial and clerical assistants	33,035	161	33,196	33,195	1
Other purchased services	650	1,145	1,795	1,000	795
Supplies and materials	425	(425)	-	-	-
Other objects	880	-	880	-	880
Total	69,990	(1,119)	68,871	67,195	1,676

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - central services					
Salaries	\$ 24,589	\$ (359)	\$ 24,230	\$ 24,230	\$ -
Purchased professional services	52,850	(100)	52,750	51,961	789
Miscellaneous purchased services	900	330	1,230	1,102	128
Supplies and materials	300	(92)	208	208	-
Total	78,639	(221)	78,418	77,501	917
Undistributed expenditures - required maint. for school facilities					
Cleaning, repair, and maintenance services	40,000	1,608	41,608	37,758	3,850
General supplies	-	500	500	484	16
Total	40,000	2,108	42,108	38,242	3,866
Undistributed expenditures - custodial services					
Salaries	95,309	(19,268)	76,041	76,041	-
Purchased professional and technical services	3,500	(13)	3,487	1,036	2,451
Cleaning, repair, and maintenance service	3,140	355	3,495	3,495	-
Other purchased property services	8,700	1,588	10,288	10,288	-
Insurance	17,345	867	18,212	18,212	-
Miscellaneous purchased services	50	2,757	2,807	-	2,807
General supplies	9,150	-	9,150	7,623	1,527
Energy (natural gas)	30,000	-	30,000	17,487	12,513
Energy (electricity)	30,000	-	30,000	27,759	2,241
Energy (gasoline)	250	(60)	190	32	158
Other objects	975	-	975	472	503
Total	198,419	(13,774)	184,645	162,445	22,200
Undistributed expenditures - care and upkeep of grounds					
Salaries	18,758	219	18,977	18,977	-
General supplies	1,500	1,500	3,000	6	2,994
Total	20,258	1,719	21,977	18,983	2,994
Undistributed expenditures - security					
Purchased professional and technical services	-	80	80	80	-
General supplies	1,000	(80)	920	-	920
Total	1,000	-	1,000	80	920
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	10,538	(10,538)	-	-	-
Salaries for pupil trans (other than between home & school)	-	10,887	10,887	10,886	1
Contr. service-aid in lieu pymts - non-public schools	3,000	3,133	6,133	4,334	1,799
Contr. service-aid in lieu pymts - choice school students	4,000	-	4,000	780	3,220
Contr. service (oth. than between home & school) - vend	3,200	8,761	11,961	1,726	10,235
Contr. service (spl. ed. students) - escs & ctsas	24,927	(16,026)	8,901	8,577	324
Total	45,665	(3,783)	41,882	26,303	15,579

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Allocated benefits - employee benefits					
Regular programs - instruction					
Social Security contributions	\$ 3,750	\$ -	\$ 3,750	\$ 3,750	\$ -
Other retirement contributions - PERS	2,000	-	2,000	2,000	-
Other retirement contributions - regular	5,000	(1,387)	3,613	3,613	-
Workmen's Compensation	10,000	-	10,000	10,000	-
Health benefits	236,750	(8,961)	227,789	216,444	11,345
Tuition reimbursement	4,000	(256)	3,744	3,744	-
Other employee benefits	5,000	3,000	8,000	8,000	-
Total	266,500	(7,604)	258,896	247,551	11,345
Special programs - instruction					
Social Security contributions	6,400	(190)	6,210	6,210	-
Other retirement contributions - PERS	4,000	-	4,000	4,000	-
Workmen's Compensation	3,500	-	3,500	3,500	-
Health benefits	102,352	(759)	101,593	101,593	-
Total	116,252	(949)	115,303	115,303	-
Other instructional programs - instruction					
Social Security contributions	1,450	-	1,450	1,319	131
Total	1,450	-	1,450	1,319	131
Health services					
Social Security contributions	77	-	77	77	-
Workmen's Compensation	700	-	700	700	-
Health benefits	30,541	63	30,604	30,604	-
Total	31,318	63	31,381	31,381	-
Other support services - speech/ot/pt& related sv					
Social Security contributions	500	-	500	500	-
Workmen's Compensation	700	-	700	700	-
Health benefits	2,320	-	2,320	2,320	-
Total	3,520	-	3,520	3,520	-
Other support services - child study teams					
Social Security contributions	2,650	-	2,650	2,550	100
Other retirement contributions - PERS	7,500	-	7,500	7,500	-
Workmen's Compensation	1,800	-	1,800	1,800	-
Health benefits	100,435	(27,148)	73,287	73,287	-
Other employee benefits	1,900	-	1,900	1,868	32
Total	114,285	(27,148)	87,137	87,005	132
Educational media services - school library					
Other retirement contributions - PERS	500	-	500	500	-
Workmen's Compensation	100	-	100	100	-
Total	600	-	600	600	-

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Support services - school administration					
Social Security contributions	\$ 2,528	\$ -	\$ 2,528	\$ 2,528	\$ -
Other retirement contributions - PERS	1,000	(531)	469	-	469
Workmen's compensation	250	-	250	250	-
Health benefits	6,365	19,552	25,917	25,917	-
Total	<u>10,143</u>	<u>19,021</u>	<u>29,164</u>	<u>28,695</u>	<u>469</u>
Support services - central services					
Social Security contributions	2,000	-	2,000	2,000	-
Other retirement contributions - PERS	2,000	(411)	1,589	792	797
Workmen's compensation	500	-	500	500	-
Health benefits	41,700	(425)	41,275	41,275	-
Total	<u>46,200</u>	<u>(836)</u>	<u>45,364</u>	<u>44,567</u>	<u>797</u>
Custodial services					
Social Security contributions	7,500	-	7,500	5,126	2,374
Other retirement contributions - PERS	8,500	-	8,500	8,500	-
Workmen's compensation	3,000	-	3,000	3,000	-
Health benefits	19,000	(7,312)	11,688	11,688	-
Other employee benefits	300	(300)	-	-	-
Total	<u>38,300</u>	<u>(7,612)</u>	<u>30,688</u>	<u>28,314</u>	<u>2,374</u>
Total allocated benefits - employees	<u>\$ 628,568</u>	<u>\$ (25,065)</u>	<u>\$ 603,503</u>	<u>\$ 588,255</u>	<u>\$ 15,248</u>
Unallocated benefits - employee benefits					
Social Security contributions	\$ 20,000	\$ (10,000)	\$ 10,000	\$ 4,162	\$ 5,838
Other retirement contributions - PERS	4,000	-	4,000	4,000	-
Total	<u>24,000</u>	<u>(10,000)</u>	<u>14,000</u>	<u>8,162</u>	<u>5,838</u>
On-behalf TPAF Pension contribution	-	-	-	268,102	(268,102)
On-behalf TPAF Postretirement medical benefits	-	-	-	99,461	(99,461)
On-behalf TPAF Long-term disability insurance	-	-	-	481	(481)
Reimbursed TPAF Social Security contribution	-	-	-	88,548	(88,548)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>456,592</u>	<u>(456,592)</u>
Total undistributed expenditures	<u>\$ 1,559,118</u>	<u>\$ 35,491</u>	<u>\$ 1,594,609</u>	<u>\$ 1,958,639</u>	<u>\$ (364,030)</u>
Total current	<u>\$ 2,726,766</u>	<u>\$ 13,692</u>	<u>\$ 2,740,458</u>	<u>\$ 3,070,364</u>	<u>\$ (329,906)</u>

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Capital outlay					
Facilities acquisition and construction service					
Assessment for debt service on SDA funding	\$ 12,808	\$ -	\$ 12,808	\$ 12,808	\$ -
Total facilities acquisition and construction service	<u>12,808</u>	<u>-</u>	<u>12,808</u>	<u>12,808</u>	<u>-</u>
Total capital outlay	<u>\$ 12,808</u>	<u>\$ -</u>	<u>\$ 12,808</u>	<u>\$ 12,808</u>	<u>\$ -</u>
Total expenditures	<u>\$ 2,739,574</u>	<u>\$ 13,692</u>	<u>\$ 2,753,266</u>	<u>\$ 3,083,172</u>	<u>\$ (329,906)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (52,296)	\$ (13,692)	\$ (65,988)	\$ 59,243	\$ 125,231
Fund balances, July 1	568,375	-	568,375	568,375	-
Fund balances, June 30	<u>\$ 516,079</u>	<u>\$ (13,692)</u>	<u>\$ 502,387</u>	<u>\$ 627,618</u>	<u>\$ 125,231</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (2,396)	\$ -	\$ (2,396)	\$ (2,396)	\$ -
Interest deposit to capital reserve	100	-	100	-	(100)
Increase in Emergency Reserve	-	30,000	30,000	30,000	-
Budgeted fund balance	<u>(50,000)</u>	<u>(43,692)</u>	<u>(93,692)</u>	<u>31,639</u>	<u>125,331</u>
Total	<u>\$ (52,296)</u>	<u>\$ (13,692)</u>	<u>\$ (65,988)</u>	<u>\$ 59,243</u>	<u>\$ 125,231</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 6,547	
Capital reserve				159,750	
Emergency reserve				30,000	
Maintenance reserve				86,089	
Committed fund balance					
Year-end encumbrances				10,251	
Assigned fund balance					
Designated for subsequent year's expenditures				85,483	
Unassigned fund balance				<u>249,498</u>	
Fund balance per budgetary basis				627,618	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(57,063)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 570,555</u>	

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources	\$ 1,006	\$ -	\$ 1,006	\$ 250	\$ (756)
State sources	1,254	-	1,254	1,251	(3)
Federal sources	86,436	-	86,436	72,536	(13,900)
Total revenues	<u>\$ 88,696</u>	<u>\$ -</u>	<u>\$ 88,696</u>	<u>\$ 74,037</u>	<u>\$ (14,659)</u>
Expenditures					
Instruction					
Salaries	\$ 7,365	\$ -	\$ 7,365	\$ 5,652	\$ 1,713
Purchased professional & technical services	39,617	-	39,617	36,959	2,658
General supplies	708	-	708	708	-
Textbooks	158	-	158	158	-
Totals	<u>47,848</u>	<u>-</u>	<u>47,848</u>	<u>43,477</u>	<u>4,371</u>
Support services					
Purchased professional & technical services	37,511	-	37,511	27,249	10,262
Other purchased services	3,337	-	3,337	3,311	26
Total	<u>40,848</u>	<u>-</u>	<u>40,848</u>	<u>30,560</u>	<u>10,288</u>
Total expenditures	<u>\$ 88,696</u>	<u>\$ -</u>	<u>\$ 88,696</u>	<u>\$ 74,037</u>	<u>\$ 14,659</u>

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2020

Explanation of Differences Between Budgetary Inflows and
Outflows and GAAP Revenues and Expenditures

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 3,142,415	\$ 74,037
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		
Outstanding encumbrances - current year	-	(385)
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33)		
State aid receivable prior year	74,777	-
State aid receivable current year	(57,063)	-
Total revenues (GAAP basis)	<u>\$ 3,160,129</u>	<u>\$ 73,652</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 3,083,172	\$ 74,037
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		
Outstanding encumbrances - current year	-	(385)
Total expenditures (GAAP basis)	<u>\$ 3,083,172</u>	<u>\$ 73,652</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.0028057826%	0.0027548600%	0.0027665358%	0.0029317221%	0.0027965698%	0.0027233616%	0.0026532902%	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 505,559	\$ 542,419	\$ 644,005	\$ 868,292	\$ 627,774	\$ 509,888	\$ 507,096	N/A	N/A
District's covered employee payroll	180,588	204,428	199,384	193,464	197,884	201,680	177,681	140,144	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	247.30%	272.05%	332.88%	438.79%	311.27%	286.97%	361.84%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A

N/A - Not Applicable

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Schedule of District's Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 27,292	\$ 27,402	\$ 25,629	\$ 26,045	\$ 24,043	\$ 22,451	\$ 19,992	\$ 19,957	\$ 19,871	\$ 21,065
Contributions in relation to the contractually required contribution	(27,292)	(27,402)	(25,629)	(26,045)	(24,043)	(22,451)	(19,992)	(19,957)	(19,871)	(21,065)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 180,588	\$ 204,428	\$ 199,384	\$ 193,464	\$ 197,884	\$ 201,680	\$ 177,681	\$ 140,144	\$ 183,040	\$ 177,294
Contributions as a percentage of covered employee payroll	15.11%	13.40%	12.85%	13.46%	12.15%	11.13%	11.25%	14.24%	10.86%	11.88%

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	7,514,022	8,212,480	8,635,687	8,598,001	8,505,094	7,476,453	6,689,301	N/A	N/A
Total	\$ -	\$ 7,514,022	\$ 8,212,480	\$ 8,635,687	\$ 8,598,001	\$ 8,505,094	\$ 7,476,453	\$ 6,689,301	\$ -	\$ -
District's covered employee payroll	\$ 1,249,261	\$ 1,209,105	\$ 1,225,021	\$ 1,326,958	\$ 1,335,494	\$ 1,258,538	\$ 1,096,164	\$ 990,785	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A

N/A - Not Applicable

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Schedule of District's Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 246,175	\$ 245,843	\$ 194,719	\$ 144,066	\$ 87,507	\$ 75,317	\$ 59,178	\$ 85,525	\$ 50,595	\$ 4,873
Contributions in relation to the contractually required contribution	(246,175)	(245,843)	(194,719)	(144,066)	(87,507)	(75,317)	(59,178)	(85,525)	(50,595)	(4,873)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 1,249,261	\$ 1,209,105	\$ 1,225,021	\$ 1,326,958	\$ 1,335,494	\$ 1,258,538	\$ 1,096,164	\$ 990,785	\$ 1,335,077	\$ 1,239,498
Contributions as a percentage of covered employee payroll	19.71%	20.33%	15.90%	10.86%	6.55%	5.98%	5.40%	8.63%	3.79%	0.39%

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	N/A	4,400,205	5,210,500	6,685,201	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 4,400,205	\$ 5,210,500	\$ 6,685,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 1,413,533	\$ 1,424,405	\$ 1,520,422	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Applicable

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2020

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 4.86% in State fiscal year 2018 and 5.60% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal years 2018 and 2.75% in State fiscal year 2019.
- Note 3 - Changes in assumptions - PERS
The discount rate was 5.66% in State fiscal year 2018 and 6.28% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal year 2018 and 2.75% for State fiscal year 2019.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.87% in State fiscal year 2018 to 3.50% in State fiscal year 2019. The inflation rate was 2.50% for State fiscal year 2018 and 2019.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	Small, Rural School Achievement	ESSA Title IA	ESSA Title IIA	ESSA Title IVA	IDEA Basic	IDEA Preschool	NJ Non-public	Local Grants	Total
Revenues									
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 250
State sources	-	-	-	-	-	-	1,251	-	1,251
Federal sources	12,577	20,997	3,311	8,787	25,747	1,117	-	-	72,536
Total revenues	\$ 12,577	\$ 20,997	\$ 3,311	\$ 8,787	\$ 25,747	\$ 1,117	\$ 1,251	\$ 250	\$ 74,037
Expenditures									
Instruction									
Salaries	\$ -	\$ -	\$ -	\$ 5,652	\$ -	\$ -	\$ -	\$ -	\$ 5,652
Purchased professional and technical services	12,577	20,997	-	3,135	-	-	-	250	36,959
General supplies	-	-	-	-	-	-	708	-	708
Textbooks	-	-	-	-	-	-	158	-	158
Total	12,577	20,997	-	8,787	-	-	866	250	43,477
Support services									
Purchased professional and technical services	-	-	-	-	25,747	1,117	385	-	27,249
Other purchased services	-	-	3,311	-	-	-	-	-	3,311
Total	-	-	3,311	-	25,747	1,117	385	-	30,560
Total expenditures	\$ 12,577	\$ 20,997	\$ 3,311	\$ 8,787	\$ 25,747	\$ 1,117	\$ 1,251	\$ 250	\$ 74,037

See independent auditors' report.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2020

Description	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Appropriations 06/30/20
			Prior Years	Current Year	
Boiler project	01/06/14	\$ 545,088	\$ 535,694	\$ 9,394	\$ -
		<u>\$ 545,088</u>	<u>\$ 535,694</u>	<u>\$ 9,394</u>	<u>\$ -</u>

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

Revenues	
State sources - NJ SDA ROD Grants	\$ -
Total revenues	-
Expenditures	
Purchased professional services	2,084
Construction services	7,310
Total expenditures	9,394
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(9,394)
Net position - beginning	9,394
Net position - ending	\$ -

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Boiler Project
For the Fiscal Year Ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Bond proceeds	\$ 333,031	\$ -	\$ 333,031	\$ 333,031
State sources				
School Development Authority Grant	212,057	-	212,057	212,057
Total revenues	<u>545,088</u>	<u>-</u>	<u>545,088</u>	<u>545,088</u>
Expenditures and other financing uses				
Purchased professional services	78,718	2,084	80,802	80,802
Bonding/legal fees	5,696	-	5,696	5,696
Construction services	417,616	7,310	424,926	424,926
Construction contingency	-	-	-	-
Other purchased services	33,664	-	33,664	33,664
Total expenditures	<u>535,694</u>	<u>9,394</u>	<u>545,088</u>	<u>545,088</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 9,394</u>	<u>\$ (9,394)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	1680-050-14-2003-GO4
Grant date	01/06/14
Bond authorization date	07/22/14
Bonds authorized	\$ 270,000
Bonds issued	333,031
Original authorized cost	450,000
Additional authorized cost	95,088
Revised authorized cost	545,088
Percentage completion	100%

See independent auditors' report.

PROPRIETARY FUND

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

See Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
June 30, 2020

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 32,568	\$ 26,775	\$ 89,528	\$ 148,871
Total assets	\$ 32,568	\$ 26,775	\$ 89,528	\$ 148,871
Liabilities				
Due to students groups	\$ -	\$ 26,775	\$ -	\$ 26,775
Payroll deductions & withholdings	-	-	89,528	89,528
Total liabilities	-	26,775	89,528	116,303
Net position				
Held in trust for unemployment claims & other purposes	\$ 32,568	\$ -	\$ -	\$ 32,568

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Employee withholdings	\$ 3,134
Investment earnings - interest	<u>-</u>
Total additions	3,134
Deductions	
Unemployment claims	<u>12,793</u>
Change in net position	(9,659)
Net position, beginning of the year	<u>42,227</u>
Net position, end of the year	<u><u>\$ 32,568</u></u>

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 23,691	\$ 19,983	\$ 16,899	\$ 26,775
Total assets	\$ 23,691	\$ 19,983	\$ 16,899	\$ 26,775
Liabilities				
Due to student groups	\$ 23,691	\$ 19,983	\$ 16,899	\$ 26,775
Total liabilities	\$ 23,691	\$ 19,983	\$ 16,899	\$ 26,775

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FRENCHTOWN BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 109,226	\$ 1,794,648	\$ 1,814,346	\$ 89,528
Total assets	\$ 109,226	\$ 1,794,648	\$ 1,814,346	\$ 89,528
Liabilities				
Summer pay	\$ 83,496	\$ 82,569	\$ 83,496	\$ 82,569
Payroll deductions and withholdings	23,131	801,009	819,780	4,360
Net payroll	2,599	911,070	911,070	2,599
Total liabilities	\$ 109,226	\$ 1,794,648	\$ 1,814,346	\$ 89,528

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/19	Issued	Retired	Balance 06/30/20
			Date	Amount					
Series 2015	07/22/15	\$ 1,353,000	07/15/20	80,000	3.00%	\$ 1,128,000	\$ -	\$ 80,000	\$ 1,048,000
			07/15/21	85,000	3.00%	-	-	-	-
			07/15/22	85,000	3.00%	-	-	-	-
			07/15/23	90,000	3.00%	-	-	-	-
			07/15/24	90,000	3.00%	-	-	-	-
			07/15/25	95,000	3.00%	-	-	-	-
			07/15/26	100,000	3.13%	-	-	-	-
			07/15/27	100,000	3.13%	-	-	-	-
			07/15/28	105,000	3.13%	-	-	-	-
			07/15/29	105,000	3.13%	-	-	-	-
			07/15/30	113,000	3.13%	-	-	-	-
					<u>\$ 1,128,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 1,048,000</u>	

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 113,294	\$ -	\$ 113,294	\$ 113,294	\$ -
Total revenues	<u>113,294</u>	<u>-</u>	<u>113,294</u>	<u>113,294</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	80,000	-	80,000	80,000	-
Interest	33,294	-	33,294	33,294	-
Total expenditures	<u>113,294</u>	<u>-</u>	<u>113,294</u>	<u>113,294</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
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 trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend 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	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District'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 are derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government activities										
Net investment in capital assets	\$ 1,583,398	\$ 1,637,040	\$ 1,704,199	\$ 1,868,912	\$ 2,105,378	\$ 2,272,952	\$ 2,873,614	\$ 2,842,430	\$ 2,798,963	\$ 2,709,448
Restricted	114,219	139,675	116,934	252,904	996,021	990,584	409,986	329,560	255,233	275,839
Unrestricted	221,778	188,687	311,072	(274,355)	(262,328)	(270,077)	(358,804)	(414,694)	(390,534)	(343,270)
Total governmental activities	<u>\$ 1,919,395</u>	<u>\$ 1,965,402</u>	<u>\$ 2,132,205</u>	<u>\$ 1,847,461</u>	<u>\$ 2,839,071</u>	<u>\$ 2,993,459</u>	<u>\$ 2,924,796</u>	<u>\$ 2,757,296</u>	<u>\$ 2,663,662</u>	<u>\$ 2,642,017</u>
Business-type activities										
Net investment in capital assets	\$ 2,737	\$ 2,372	\$ 2,008	\$ 1,643	\$ 3,249	\$ 2,705	\$ 6,011	\$ 5,117	\$ 4,404	\$ 3,875
Unrestricted	13,268	12,223	15,759	13,812	12,337	9,034	2,065	7,735	5,379	-
Total business-type activities	<u>\$ 16,005</u>	<u>\$ 14,595</u>	<u>\$ 17,767</u>	<u>\$ 15,455</u>	<u>\$ 15,586</u>	<u>\$ 11,739</u>	<u>\$ 8,076</u>	<u>\$ 12,852</u>	<u>\$ 9,783</u>	<u>\$ 3,875</u>
District-wide										
Net investment in capital assets	\$ 1,586,135	\$ 1,639,412	\$ 1,706,207	\$ 1,870,555	\$ 2,108,627	\$ 2,275,657	\$ 2,879,625	\$ 2,847,547	\$ 2,803,367	\$ 2,713,323
Restricted	114,219	139,675	116,934	252,904	996,021	990,584	409,986	329,560	255,233	275,839
Unrestricted	235,046	200,910	326,831	(260,543)	(249,991)	(261,043)	(356,739)	(406,959)	(385,155)	(343,270)
Total district-wide	<u>\$ 1,935,400</u>	<u>\$ 1,979,997</u>	<u>\$ 2,149,972</u>	<u>\$ 1,862,916</u>	<u>\$ 2,854,657</u>	<u>\$ 3,005,198</u>	<u>\$ 2,932,872</u>	<u>\$ 2,770,148</u>	<u>\$ 2,673,445</u>	<u>\$ 2,645,892</u>

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,113,235	\$ 1,186,985	\$ 1,262,847	\$ 1,259,721	\$ 1,650,507	\$ 1,626,796	\$ 1,870,399	\$ 1,992,085	\$ 1,900,597	\$ 1,704,060
Special education	408,963	416,596	418,171	440,745	454,682	531,893	609,179	757,479	634,158	586,352
Other special education	50,132	23,866	38,192	40,565	16,359	22,189	5,817	31,710	2,064	22,689
Other instruction	24,549	27,786	23,354	37,082	32,531	31,425	33,447	31,133	41,853	20,973
Support services										
Tuition	1,125	66,420	16,250	1,822	34,919	149	-	35,950	76,767	43,687
Student & instruction related services	424,222	427,911	412,028	388,465	501,078	651,843	788,667	784,294	808,291	709,566
General & business administrative services	121,655	154,246	161,111	206,275	147,189	162,895	171,954	207,264	179,427	261,677
School administration	99,003	102,065	73,510	82,622	119,676	147,574	132,725	158,161	98,802	123,167
Plant operations & maintenance	205,402	274,994	276,299	287,846	307,965	267,431	285,498	340,434	332,298	250,550
Pupil transportation	51,771	63,487	49,144	55,282	84,395	18,670	33,644	105,206	69,994	26,492
Interest on long-term debt	45,511	35,721	30,427	29,335	23,400	55,817	51,896	49,646	47,396	45,002
Total governmental activities expenses	<u>2,545,568</u>	<u>2,780,077</u>	<u>2,761,333</u>	<u>2,829,760</u>	<u>3,372,701</u>	<u>3,516,682</u>	<u>3,983,226</u>	<u>4,493,362</u>	<u>4,191,647</u>	<u>3,794,215</u>
Business-type activities										
Food services	58,450	71,134	65,516	69,869	71,967	61,981	62,326	51,542	54,309	5,908
Total business-type activities	<u>58,450</u>	<u>71,134</u>	<u>65,516</u>	<u>69,869</u>	<u>71,967</u>	<u>61,981</u>	<u>62,326</u>	<u>51,542</u>	<u>54,309</u>	<u>5,908</u>
Total district expenses	<u>\$ 2,604,018</u>	<u>\$ 2,851,211</u>	<u>\$ 2,826,849</u>	<u>\$ 2,899,629</u>	<u>\$ 3,444,668</u>	<u>\$ 3,578,663</u>	<u>\$ 4,045,552</u>	<u>\$ 4,544,904</u>	<u>\$ 4,245,956</u>	<u>\$ 3,800,123</u>

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenues										
Governmental activities										
Charges for services	\$ 103,489	\$ 50,788	\$ 18,000	\$ 116,168	\$ 60,328	\$ 83,136	\$ 73,557	\$ 65,911	\$ 85,250	\$ 59,235
Operating grants & contributions	101,891	102,224	73,523	99,412	87,571	86,376	67,811	99,795	93,980	73,652
Capital grants & contributions	-	-	-	-	902,000	-	-	-	-	-
Total governmental activities program revenues	<u>205,380</u>	<u>153,012</u>	<u>91,523</u>	<u>215,580</u>	<u>1,049,899</u>	<u>169,512</u>	<u>141,368</u>	<u>165,706</u>	<u>179,230</u>	<u>132,887</u>
Business-type activities										
Charges for services										
Food service	40,901	44,751	41,312	41,534	42,404	39,094	37,886	35,084	39,660	-
Operating grants & contributions	21,010	16,898	17,997	20,488	20,871	18,690	14,456	11,064	11,559	-
Total business-type activities program revenues	<u>61,911</u>	<u>61,649</u>	<u>59,309</u>	<u>62,022</u>	<u>63,275</u>	<u>57,784</u>	<u>52,342</u>	<u>46,148</u>	<u>51,219</u>	<u>-</u>
Total district-program revenues	<u>\$ 267,291</u>	<u>\$ 214,661</u>	<u>\$ 150,832</u>	<u>\$ 277,602</u>	<u>\$ 1,113,174</u>	<u>\$ 227,296</u>	<u>\$ 193,710</u>	<u>\$ 211,854</u>	<u>\$ 230,449</u>	<u>\$ 132,887</u>
Net (expense) revenues										
Governmental activities	\$ (2,340,188)	\$ (2,627,065)	\$ (2,669,810)	\$ (2,614,180)	\$ (2,322,802)	\$ (3,347,170)	\$ (3,841,858)	\$ (4,327,656)	\$ (4,012,417)	\$ (3,661,328)
Business-type activities	3,461	(9,485)	(6,207)	(7,847)	(8,692)	(4,197)	(9,984)	(5,394)	(3,090)	(5,908)
Total district-wide net expenses	<u>\$ (2,336,727)</u>	<u>\$ (2,636,550)</u>	<u>\$ (2,676,017)</u>	<u>\$ (2,622,027)</u>	<u>\$ (2,331,494)</u>	<u>\$ (3,351,367)</u>	<u>\$ (3,851,842)</u>	<u>\$ (4,333,050)</u>	<u>\$ (4,015,507)</u>	<u>\$ (3,667,236)</u>

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 1,609,121	\$ 1,641,301	\$ 1,673,305	\$ 1,705,934	\$ 1,739,200	\$ 1,833,860	\$ 1,870,537	\$ 1,907,948	\$ 1,946,107	\$ 2,016,992
Taxes levied for debt service	143,948	138,861	138,773	143,454	147,673	114,100	112,939	112,869	110,619	113,294
Unrestricted grants & contributions	797,260	904,968	1,025,587	972,029	1,432,990	1,563,704	1,785,955	2,138,863	1,857,836	1,494,162
Investment earnings	2,928	806	690	455	572	607	276	916	1,928	8,804
Capital grants de-obligated	-	-	-	-	-	(10,772)	(58,466)	-	(16)	-
Miscellaneous income	1,626	201	7,631	199	2,796	405	2,107	10,600	2,309	6,431
Contribution - PTO	-	-	-	-	-	-	-	-	-	-
Special item - gain/(loss) on disposal of assets	-	-	-	-	-	-	-	(1,040)	-	-
Operating transfer	-	(13,065)	(9,373)	(5,531)	(8,819)	(346)	(6,319)	(10,000)	-	-
Total governmental activities	<u>2,554,883</u>	<u>2,673,072</u>	<u>2,836,613</u>	<u>2,816,540</u>	<u>3,314,412</u>	<u>3,501,558</u>	<u>3,707,029</u>	<u>4,160,156</u>	<u>3,918,783</u>	<u>3,639,683</u>
Business-type activities										
Investment earnings	35	10	6	4	4	4	2	10	21	-
Miscellaneous income	-	-	-	-	-	-	-	160	-	-
Operating transfer	-	8,065	9,373	5,531	8,819	346	6,319	10,000	-	-
Total business-type activities	<u>35</u>	<u>8,075</u>	<u>9,379</u>	<u>5,535</u>	<u>8,823</u>	<u>350</u>	<u>6,321</u>	<u>10,170</u>	<u>21</u>	<u>-</u>
Total district-wide	<u>\$ 2,554,918</u>	<u>\$ 2,681,147</u>	<u>\$ 2,845,992</u>	<u>\$ 2,822,075</u>	<u>\$ 3,323,235</u>	<u>\$ 3,501,908</u>	<u>\$ 3,713,350</u>	<u>\$ 4,170,326</u>	<u>\$ 3,918,804</u>	<u>\$ 3,639,683</u>
Change in net position										
Governmental activities	\$ 214,695	\$ 46,007	\$ 166,803	\$ 202,360	\$ 991,610	\$ 154,388	\$ (134,829)	\$ (167,500)	\$ (93,634)	\$ (21,645)
Business-type activities	3,496	(1,410)	3,172	(2,312)	131	(3,847)	(3,663)	4,776	(3,069)	(5,908)
Total district	<u>\$ 218,191</u>	<u>\$ 44,597</u>	<u>\$ 169,975</u>	<u>\$ 200,048</u>	<u>\$ 991,741</u>	<u>\$ 150,541</u>	<u>\$ (138,492)</u>	<u>\$ (162,724)</u>	<u>\$ (96,703)</u>	<u>\$ (27,553)</u>

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Restricted	\$ 109,409	\$ 134,865	\$ 112,124	\$ 264,281	\$ 265,180	\$ 307,466	\$ 286,040	\$ 268,140	\$ 252,386	\$ 282,386
Committed	127,959	89,344	218,474	75,305	33,727	112,868	13,949	10,816	2,396	10,251
Assigned	-	24,374	-	29,712	79,870	50,000	50,000	80,803	50,000	85,483
Unassigned	149,735	171,066	209,551	179,004	178,786	178,573	185,036	145,939	188,816	192,435
Total general fund	<u>\$ 387,103</u>	<u>\$ 419,649</u>	<u>\$ 540,149</u>	<u>\$ 548,302</u>	<u>\$ 557,563</u>	<u>\$ 648,907</u>	<u>\$ 535,025</u>	<u>\$ 505,698</u>	<u>\$ 493,598</u>	<u>\$ 570,555</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ -	\$ -	\$ -	\$ -	\$ 742,218	\$ 680,938	\$ 123,946	\$ 61,420	\$ 9,394	\$ -
Assigned, reported in										
Debt service fund	4,810	4,810	4,810	4,810	4,810	2,180	-	-	-	-
Total all other governmental funds	<u>\$ 4,810</u>	<u>\$ 4,810</u>	<u>\$ 4,810</u>	<u>\$ 4,810</u>	<u>\$ 747,028</u>	<u>\$ 683,118</u>	<u>\$ 123,946</u>	<u>\$ 61,420</u>	<u>\$ 9,394</u>	<u>\$ -</u>

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 1,753,069	\$ 1,780,162	\$ 1,812,078	\$ 1,849,388	\$ 1,886,873	\$ 1,947,960	\$ 1,983,476	\$ 2,020,817	\$ 2,056,726	\$ 2,130,286
Tuition charges	52,706	24,139	18,000	72,072	58,018	79,836	70,257	62,611	81,950	55,935
Interest earnings	2,928	806	690	455	572	607	276	916	2,309	8,804
Rents and royalties	-	-	-	-	-	3,300	3,300	3,300	3,300	3,300
Miscellaneous	52,409	26,850	7,631	199	5,106	405	4,940	13,734	1,928	6,681
State sources	797,260	883,888	1,025,876	972,048	1,933,024	1,016,036	1,082,378	1,159,574	1,217,810	1,069,533
Federal sources	101,891	123,304	73,234	99,393	87,234	85,642	64,069	94,946	92,387	72,536
Total revenues	2,760,263	2,839,149	2,937,509	2,993,555	3,970,827	3,133,786	3,208,696	3,355,898	3,456,410	3,347,075
Expenditures										
Instruction										
Regular instruction	889,341	838,704	872,421	905,825	918,534	877,729	928,603	859,412	885,432	813,500
Special education instruction	245,577	279,378	300,090	294,999	270,085	264,960	356,850	330,393	286,782	280,050
Other special instruction	31,485	8,149	11,728	17,099	-	-	-	-	-	-
Other instruction	23,789	26,849	22,577	33,743	31,529	27,112	23,461	26,397	26,128	18,175
Support services										
Tuition	1,125	27,014	7,347	1,822	34,919	149	-	16,050	42,452	43,687
Student & instr. related services	274,110	302,166	282,944	265,226	298,965	334,236	377,335	382,690	425,106	350,332
General administration	50,351	39,840	57,612	71,048	48,517	46,256	45,772	39,332	42,972	120,862
School administration services	91,681	81,968	52,987	59,422	78,590	92,619	54,965	61,458	63,586	67,195
Central services	40,196	50,180	48,320	76,185	68,257	82,235	82,071	80,837	78,764	77,501
Plant operations & maintenance	171,631	219,182	238,412	240,361	257,073	217,806	217,125	266,421	270,241	219,750
Pupil transportation	37,928	53,260	39,429	37,753	76,106	15,839	28,604	103,700	68,499	26,303
Employee benefits	344,099	370,003	360,833	382,369	413,411	474,662	606,635	565,700	617,666	596,417
On-behalf TPAF Pension & Social Security contribution	203,051	249,708	284,670	239,992	294,539	288,987	359,529	411,594	443,491	456,592
Capital outlay	10,408	-	7,664	98,353	12,170	68,475	100,217	5,769	-	-
Capital projects	-	-	-	-	159,782	1,403,508	498,526	62,526	52,010	9,394
Special revenue funds	101,891	102,224	73,523	99,412	87,571	86,376	67,811	99,795	93,980	73,652
Debt service										
Principal	110,000	110,000	115,000	125,000	135,000	139,000	75,000	75,000	75,000	80,000
Interest & other charges	33,948	34,913	32,079	31,262	25,481	39,057	52,927	50,677	48,427	46,102
Total expenditures	2,660,611	2,793,538	2,807,636	2,979,871	3,210,529	4,459,006	3,875,431	3,437,751	3,520,536	3,279,512

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Excess (deficiency) of revenues over (under) expenditures	\$ 99,652	\$ 45,611	\$ 129,873	\$ 13,684	\$ 760,298	\$ (1,325,220)	\$ (666,735)	\$ (81,853)	\$ (64,126)	\$ 67,563
Other financing sources (uses)										
Proceeds from bond issue	-	-	-	-	-	1,353,000	-	-	-	-
Transfers in (out)	-	(13,065)	(9,373)	(5,531)	(8,819)	(346)	(6,319)	(10,000)	-	-
Total other financing sources (uses)	-	(13,065)	(9,373)	(5,531)	(8,819)	1,352,654	(6,319)	(10,000)	-	-
Net change in fund balances	<u>\$ 99,652</u>	<u>\$ 32,546</u>	<u>\$ 120,500</u>	<u>\$ 8,153</u>	<u>\$ 751,479</u>	<u>\$ 27,434</u>	<u>\$ (673,054)</u>	<u>\$ (91,853)</u>	<u>\$ (64,126)</u>	<u>\$ 67,563</u>
Debt service as a percentage of non-capital expenditures	5.74%	5.47%	5.54%	5.73%	5.58%	6.34%	4.06%	3.87%	3.69%	4.01%

Source: District Record

Note: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Interest income	\$ 2,928	\$ 806	\$ 690	\$ 455	\$ 572	\$ 607	\$ 275	\$ 916	\$ 1,928	\$ 8,804
Tuition	52,706	24,139	18,000	72,072	58,018	79,836	70,257	62,611	81,950	55,935
Other school districts - shared services	50,783	26,649	-	-	-	-	-	-	-	-
Prior year refunds	319	-	7,242	-	2,796	-	-	9,200	150	-
Outstanding checks voided	-	-	-	-	-	-	71	-	132	-
Rents and royalties	-	-	-	-	-	3,300	3,300	3,300	3,300	3,300
Miscellaneous other	-	-	289	199	-	101	142	-	2,027	-
Contributions	1,307	201	100	-	-	-	-	-	-	-
iPad insurance	-	-	-	-	-	-	1,895	1,400	-	-
Excess payroll agency funds	-	-	-	-	-	-	-	-	-	6,431
School bus rental	-	-	-	-	2,310	-	-	-	-	-
Sale of surplus equipment & materials	-	-	-	-	-	304	-	-	-	-
Annual totals	\$ 108,043	\$ 51,795	\$ 26,321	\$ 72,726	\$ 63,696	\$ 84,148	\$ 75,940	\$ 77,427	\$ 89,487	\$ 74,470

Source: District Records

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Vacant land	\$ 2,505,100	\$ 2,505,100	\$ 2,505,100	\$ 2,505,100	\$ 2,490,600	\$ 4,480,500	\$ 4,261,200	\$ 3,636,200	\$ 2,850,200	\$ 2,850,200
Residential	108,678,000	108,976,400	108,741,700	109,474,900	109,543,700	110,307,000	110,497,100	111,659,800	111,729,600	111,554,600
Farm regular	898,600	898,600	898,600	898,600	898,600	449,600	449,600	788,600	788,600	788,600
Q farm	14,700	14,700	14,700	14,700	14,700	11,200	11,200	27,100	27,100	27,000
Commercial	26,785,700	26,737,800	26,737,800	26,449,600	26,369,600	26,503,300	26,563,300	26,463,000	25,502,900	24,897,200
Industrial	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	1,581,150	1,492,550
Apartment	6,045,500	6,045,500	6,045,500	5,682,600	5,682,600	5,682,600	5,682,600	5,699,900	5,699,900	5,699,900
Total assessed value	148,653,950	148,904,450	148,669,750	148,751,850	148,726,150	151,160,550	151,191,350	152,000,950	148,179,450	147,310,050
Public utilities (a)	725,240	592,657	489,679	594,036	693,169	644,203	648,614	648,614	-	-
Net valuation taxable	\$ 149,379,190	\$ 149,497,107	\$ 149,159,429	\$ 149,345,886	\$ 149,419,319	\$ 151,804,753	\$ 151,839,964	\$ 152,649,564	\$ 148,179,450	\$ 147,310,050
Estimated actual county equalized value	\$ 171,957,166	\$ 166,644,863	\$ 159,392,422	\$ 152,424,868	\$ 164,522,483	\$ 175,578,017	\$ 165,348,975	\$ 177,087,661	\$ 167,038,045	\$ 168,123,773
Percentage of net valuation to estimated actual equalized value	86.87%	89.71%	93.58%	97.98%	90.82%	86.46%	91.83%	86.20%	88.71%	87.62%
Total direct school tax rate (b)	\$ 1.19	\$ 1.21	\$ 1.24	\$ 1.26	\$ 1.30	\$ 1.31	\$ 1.33	\$ 1.35	\$ 1.44	\$ 1.52

Source: Municipal Tax Assessor

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

- (a) Taxable value of machinery, implements and equipment's of telephone and messenger system companies
- (b) Tax rates are per \$100

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Municipality		County		
2011	\$ 1.096	\$ 0.096	\$ 1.192	\$ 0.439	\$ 0.623	\$ 0.398	\$ 2.652	
2012	1.121	0.092	1.213	0.477	0.655	0.398	2.743	
2013	1.145	0.095	1.240	0.524	0.674	0.392	2.830	
2014	1.164	0.099	1.263	0.572	0.705	0.383	2.923	
2015	1.201	0.102	1.303	0.626	0.873	0.412	3.214	
2016	1.230	0.076	1.306	0.694	0.869	0.433	3.302	
2017	1.255	0.076	1.331	0.645	0.869	0.406	3.251	
2018	1.272	0.075	1.347	0.649	0.905	0.440	3.341	
2019	1.361	0.077	1.438	0.651	0.944	0.426	3.459	
2020	1.440	0.081	1.521	0.682	0.944	0.432	3.579	

Sources: Municipal Tax Collector

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago

	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Frenchtown Associates LLC	\$ 2,950,000	1	2.00%	\$ 2,950,000	1	\$ 0
Frenchtown Barn Center LLC	1,500,000	2	1.02%	1,500,000	3	0
Davon LLC	977,200	3	0.66%	977,200	4	0
Le Pont LLC	947,200	4	0.64%			-
Individual Property Owner	769,200	5	0.52%	830,800	6	0
Traub Holdings LLC	758,400	6	0.51%	758,400	8	0
B&B Properties LLC	748,500	7	0.51%	748,500	9	0
Individual Property Owner	718,800	8	0.49%			-
Warren House LLC	695,400	9	0.47%	809,900	7	0
Artyard	663,300	10	0.45%			-
Frenchtown Properties LLC	-		0.00%	2,145,200	2	0
Bridge Race Properties LLC	-		0.00%	972,200	5	0
United Telephone Co of NJ	-		0.00%	725,240	10	0
	<u>\$ 10,728,000</u>		<u>7.28%</u>	<u>\$ 12,417,440</u>		<u>8.31%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2011	\$ 1,753,069	\$ 1,753,069	100.00%
2012	1,780,162	1,780,162	100.00%
2013	1,812,078	1,812,078	100.00%
2014	1,849,388	1,849,388	100.00%
2015	1,886,873	1,886,873	100.00%
2016	1,947,960	1,947,960	100.00%
2017	1,983,476	1,983,476	100.00%
2018	2,020,817	2,020,817	100.00%
2019	2,056,726	2,056,726	100.00%
2020	2,130,286	2,130,286	100.00%

Source: District records including the Certificate and Report of School Taxes (A4F Form)

- (a) School taxes are collected by the Municipal tax collector. Under New Jersey State Statute, a municipality is required to remit to the School District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2011	\$ 624,000	\$ -	\$ 17,977	\$ -	\$ -	\$ 641,977	0.66%	\$ 461	
2012	514,000	-	9,165	-	-	523,165	0.51%	366	
2013	399,000	-	-	-	-	399,000	0.38%	290	
2014	274,000	-	-	-	-	274,000	0.26%	194	
2015	139,000	-	-	800,000	-	939,000	0.85%	668	
2016	1,353,000	-	-	-	-	1,353,000	1.19%	964	
2017	1,278,000	-	-	-	-	1,278,000	1.12%	940	
2018	1,203,000	-	-	-	-	1,203,000	1.04%	883	
2019	1,128,000	-	-	-	-	1,128,000	0.93%	832	
2020	1,048,000	-	-	-	-	1,048,000	N/A	776	

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

(a) See Exhibit J-14 for personal income and population data.

These ratios are calculated using personal income and population for the prior calendar year.

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 624,000	\$ -	\$ 624,000	0.42%	\$ 448
2012	514,000	-	514,000	0.34%	359
2013	399,000	-	399,000	0.27%	290
2014	274,000	-	274,000	0.18%	194
2015	139,000	-	139,000	0.09%	99
2016	1,353,000	-	1,353,000	0.89%	964
2017	1,278,000	-	1,278,000	0.84%	940
2018	1,203,000	-	1,203,000	0.79%	883
2019	1,128,000	-	1,128,000	0.76%	832
2020	1,048,000	-	1,048,000	0.71%	776

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 3,193,892	100.00%	\$ 3,193,892
Regional High School	-	7.25%	-
County general obligation debt	85,870,478	0.79%	<u>682,543</u>
Subtotal, overlapping debt			3,876,435
School district direct debt			<u>1,048,000</u>
Total direct and overlapping debt			<u><u>\$ 4,924,435</u></u>

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

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

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

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized Valuation Basis	
	2019	\$ 169,116,012
	2018	171,345,902
	2017	175,395,998
		<u>\$ 515,857,912</u>
Average equalized valuation of taxable property		<u>\$ 171,952,637</u>
Debt limit (3.0% of average equalization value)	(a)	\$ 5,158,579
Total net debt applicable to limit		<u>1,048,000</u>
Legal debt margin		<u>\$ 4,110,579</u>

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt limit	\$ 4,875,396	\$ 5,004,140	\$ 5,120,224	\$ 5,113,510	\$ 5,158,579
Total net debt applicable	2,244,227	1,278,000	1,203,000	1,128,000	1,048,000
Legal debt margin	<u>\$ 2,631,169</u>	<u>\$ 3,726,140</u>	<u>\$ 3,917,224</u>	<u>\$ 3,985,510</u>	<u>\$ 4,110,579</u>
Total net debt applicable to the limit as a percentage of debt limit	46.03%	25.54%	23.50%	22.06%	20.32%

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt limit	\$ 5,362,191	\$ 5,140,934	\$ 4,968,485	\$ 4,765,597	\$ 4,746,423
Total net debt applicable	624,000	514,000	399,000	274,000	2,394,000
Legal debt margin	<u>\$ 4,738,191</u>	<u>\$ 4,626,934</u>	<u>\$ 4,569,485</u>	<u>\$ 4,491,597</u>	<u>\$ 2,352,423</u>
Total net debt applicable to the limit as a percentage of debt limit	11.64%	10.00%	8.03%	5.75%	50.44%

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

(a) Limit set by N.J.S.A. 18A:24-19

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2011	1,393	\$ 97,578,257	\$ 70,049	6.5%
2012	1,431	102,953,295	71,945	6.7%
2013	1,378	103,677,964	75,238	6.7%
2014	1,409	105,769,403	75,067	5.2%
2015	1,405	110,506,060	78,652	3.3%
2016	1,403	113,722,971	81,057	3.1%
2017	1,359	113,673,555	83,645	2.8%
2018	1,363	115,797,754	84,958	3.0%
2019	1,356	N/A	N/A	2.5%
2020	N/A	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2020

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2011

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years**

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction	18.7	18.7	18.7	19.1	19.6	18.5	19.3	19.8	19.6	19.8
Health services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Related services	0.5	0.5	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5
Guidance	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.4
Child study team	1.5	1.5	1.5	1.5	1.5	1.5	1.2	1.5	1.4	1.4
Media center	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.3	0.3
General administration	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
School administration services	0.7	0.7	0.7	0.7	0.7	1.1	1.1	1.1	1.2	1.2
Business office	0.8	0.8	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.8
Building maintenance	1.4	1.4	1.4	1.4	2.0	2.0	2.0	2.0	2.0	2.0
Transportation	0.7	0.7	0.7	0.8	-	-	-	-	-	-
Cafeteria	0.1	0.1	0.1	0.1	-	-	-	-	-	-
Total	26.5	26.5	26.5	27.1	27.3	26.3	26.9	27.8	27.5	27.7

Source: District Personnel Records

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	171	\$ 2,506,255	\$ 14,656	-14.37%	24.0	1 to 7.13	168.4	158.9	6.92%	94.36%
2012	157	2,648,625	16,870	15.10%	24.0	1 to 6.54	159.6	151.1	-5.23%	94.67%
2013	148	2,652,893	17,925	6.25%	24.0	1 to 6.17	147.8	140.5	-7.39%	95.06%
2014	138	2,725,256	19,748	10.17%	18.5	1 to 7.46	137.7	131.0	-6.83%	95.12%
2015	142	2,878,096	20,268	2.63%	19.6	1 to 7.24	142.8	136.3	3.71%	95.46%
2016	142	2,808,966	19,781	-2.40%	19.6	1 to 7.24	138.9	132.1	-2.74%	95.10%
2017	129	3,148,761	24,409	23.39%	20.2	1 to 6.39	127.4	121.2	-8.28%	95.13%
2018	135	3,243,779	24,028	-1.56%	19.8	1 to 6.82	124.1	118.2	-2.62%	95.28%
2019	131	3,345,099	25,535	6.27%	20.4	1 to 6.42	127.0	120.3	2.37%	94.72%
2020	127	3,144,016	24,756	-3.05%	18.6	1 to 6.83	123.2	118.7	-2.99%	96.35%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average daily enrollment and average daily attendance are obtained from the School Register Summary.

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Elementary (1925)</u>										
Square feet	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992
Capacity (students)	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1
Enrollment	171.0	157.0	148.0	138.0	142.0	142.0	129.0	135.0	131.0	127.0

Number of schools at June 30, 2020

Elementary 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions.

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities*

<u>Fiscal Year Ending</u>	<u>Amount</u>	<u>Total</u>
2011	\$ 14,757	\$ 14,757
2012	26,903	26,903
2013	65,117	65,117
2014	20,846	20,846
2015	33,947	33,947
2016	24,333	24,333
2017	31,770	31,770
2018	50,154	50,154
2019	67,452	67,452
2020	38,242	38,242
Total school facilities	<u>\$ 373,521</u>	<u>\$ 373,521</u>

* School Facilities as Defined Under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Insurance Schedule
June 30, 2020
(Unaudited)

	Coverage	Deductible
Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG)		
Property - Building blanket and contents (Fund Limit)	\$ 500,000,000	\$ 5,000
Accounts receivable	250,000	5,000
Electronic data processing equipment	200,000	1,000
Auto physical damage	In blanket limit	1,000
Pollution cleanup and removal	250,000	-
School Board Legal Liability - NJ School Boards Association Insurance group	16,000,000	5,000
Liability		
Comprehensive general liability	16,000,000	-
Automobile liability	16,000,000	1,000
Employee benefit liability	16,000,000	1,000
Workers Compensation - NJ School Boards Association Insurance group		
Employers liability	2,000,000	-
Statutory benefits	Included	-
Supplemental coverage (optional)	Included	-
Crime		
Faithful performance	50,000	500
Forgery and Alteration	50,000	500
Money and Securities	50,000	500
Money Orders/Counterfeit	50,000	
Computer Fraud	50,000	
Business Admin	150,000	0

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as 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, and the aggregate remaining fund information of the Frenchtown Borough School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the fiscal year ended June 30, 2020, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 5, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

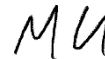
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 5, 2021
Flemington, New Jersey



**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the
New Jersey OMB Circular Letter 15-08**

Honorable President and
Members of the Board of Education
Frenchtown Borough School District
County of Hunterdon, New Jersey

Report on Compliance for Each Major State Program

We have audited the Frenchtown Borough School District's, (the District), compliance with the types of compliance requirements described 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 District's major state programs for the year ended June 30, 2020. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, and the OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 5, 2021
Flemington, New Jersey

**FRENCHTOWN BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2020**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/19	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2020				
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education passed through State Department of Education																	
Special Revenue Fund																	
Title I A	84.010A	S010A190030	ESSA-1680-20	\$ 20,996	07/01/19	06/30/20	\$ -	\$ -	\$ 20,996	\$ 20,996	\$ -	\$ -	\$ -	\$ -	\$ -		
Title I A	84.010A	S010A180030	ESSA-1680-19	3,057	07/01/18	06/30/19	(2,200)	-	2,200	-	-	-	-	-	-		
Title II A	84.367A	S367A190029	ESSA-1680-20	3,311	07/01/19	06/30/20	-	-	3,221	3,311	-	-	(90)	-	-		
Title IV A	84.424A	S424A190031	ESSA-1680-20	8,787	07/01/19	06/30/20	-	-	5,086	8,787	-	-	(3,701)	-	-		
Title IV A	84.424A	S424A180031	ESSA-1680-19	10,000	07/01/18	06/30/19	(551)	-	551	-	-	-	-	-	-		
Rural Education Achievement Program	84.358A	S358B190030	S358A190459	12,578	07/01/19	06/30/20	-	-	11,778	12,578	-	-	(800)	-	-		
Rural Education Achievement Program	84.358A	S358B180030	S358A180459	20,713	07/01/18	06/30/19	(3,791)	-	3,791	-	-	-	-	-	-		
IDEA Basic	84.027	H027A190100	IDEA-1680-20	25,747	07/01/19	06/30/20	-	-	22,476	25,747	-	-	(3,271)	-	-		
IDEA Basic	84.027	H027A180100	IDEA-1680-19	36,594	07/01/18	06/30/19	(6,422)	-	6,422	-	-	-	-	-	-		
IDEA Preschool	84.173	H173S190114	IDEA-1680-20	1,117	07/01/19	06/30/20	-	-	1,117	1,117	-	-	-	-	-		
Total Special Revenue Fund							<u>(12,964)</u>	<u>-</u>	<u>77,638</u>	<u>72,536</u>	<u>-</u>	<u>-</u>	<u>(7,862)</u>	<u>-</u>	<u>-</u>		
U.S. Department of Agriculture passed through State Department of Agriculture																	
Enterprise Fund																	
Child Nutrition Center																	
National School Lunch Program																	
Non-Cash Assistance (Commodities)	10.555	181NJ304N1099	N/A	1,496	10/01/18	09/30/19	393	-	-	393	-	-	-	-	-		
National School Lunch Program																	
Cash Assistance	10.555	191NJ304N1099	N/A	8,213	10/01/19	09/30/20	(488)	-	488	-	-	-	-	-	-		
School Breakfast Program	10.553	191NJ304N1099	N/A	827	10/01/19	09/30/20	(54)	-	54	-	-	-	-	-	-		
Total Enterprise Fund							<u>(149)</u>	<u>-</u>	<u>542</u>	<u>393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Total Federal Awards							<u>\$ (13,113)</u>	<u>\$ -</u>	<u>\$ 78,180</u>	<u>\$ 72,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,862)</u>	<u>\$ -</u>	<u>\$ -</u>		

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019		Cash Received	Budgetary Expenditure	Adjustments/Repayments	Balance June 30, 2020			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	20-495-034-5120-089	\$ 65,461	07/01/19	06/30/20	\$ -	\$ -	\$ 59,059	\$ 65,461	\$ -	\$ -	\$ -	\$ -	\$ 6,402	\$ 65,461
Equalization Aid	20-495-034-5120-078	450,527	07/01/19	06/30/20	-	-	406,463	450,527	-	-	-	-	44,064	450,527
School Choice Aid	20-495-034-5120-068	67,448	07/01/19	06/30/20	-	-	60,851	67,448	-	-	-	-	6,597	67,448
Extraordinary Special Education Costs Aid	20-495-034-5120-044	10,925	07/01/19	06/30/20	-	-	-	10,925	-	(10,925)	-	-	-	10,925
Extraordinary Special Education Costs Aid	19-495-034-5120-045	12,723	07/01/18	06/30/19	(12,723)	-	12,723	-	-	-	-	-	-	12,723
Non-Public Transportation Aid	19-495-034-5120-014	870	07/01/18	06/30/19	(870)	-	870	-	-	-	-	-	-	870
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	20-495-034-5094-002	263,381	07/01/19	06/30/20	-	-	263,381	263,381	-	-	-	-	-	263,381
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	20-495-034-5094-004	4,721	07/01/19	06/30/20	-	-	4,721	4,721	-	-	-	-	-	4,721
On-Behalf TPAF Pension Contribution - Postretirement Medical	20-495-034-5094-001	99,461	07/01/19	06/30/20	-	-	99,461	99,461	-	-	-	-	-	99,461
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	20-495-034-5094-004	481	07/01/19	06/30/20	-	-	481	481	-	-	-	-	-	481
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	88,548	07/01/19	06/30/20	-	-	88,241	88,548	-	(307)	-	-	-	88,548
Reimbursed TPAF Social Security Contribution	19-495-034-5094-003	85,837	07/01/18	06/30/19	(4,365)	-	4,365	-	-	-	-	-	-	85,837
Total General Fund					(17,958)	-	1,000,616	1,050,953	-	(11,232)	-	-	57,063	1,150,383
Special Revenue Fund														
Nonpublic Nursing Services	20-100-034-5120-070	388	07/01/19	06/30/20	-	-	388	-	-	-	385	3	-	-
Nonpublic Security Aid	20-100-034-5120-509	600	07/01/19	06/30/20	-	-	600	600	-	-	-	-	-	600
Nonpublic Technology Initiative	20-100-034-5120-373	108	07/01/19	06/30/20	-	-	108	108	-	-	-	-	-	108
Nonpublic Textbook Aid	20-100-034-5120-064	158	07/01/19	06/30/20	-	-	158	158	-	-	-	-	-	158
Total Special Revenue Fund					-	-	1,254	866	-	-	385	3	-	866

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B (continued)
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019			Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2020			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	19-100-010-3350-023	\$ 345	07/01/18	06/30/19	\$ (20)	\$ -	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345.00
Total Enterprise Fund					<u>(20)</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345</u>
Total State Financial Assistance					<u>\$ (17,978)</u>	<u>\$ -</u>	<u>\$ 1,001,890</u>	<u>1,051,819</u>	<u>\$ -</u>	<u>\$ (11,232)</u>	<u>\$ 385</u>	<u>\$ 3</u>	<u>\$ 57,063</u>	<u>\$ 1,151,594</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution -														
Teachers' Pension & Annuity Fund	20-495-034-5094-002							263,381						
On-Behalf TPAF Pension Contribution -														
Non-Contributory Insurance	20-495-034-5094-004							4,721						
On-Behalf TPAF Pension Contribution -														
Postretirement Medical	20-495-034-5094-001							99,461						
On-Behalf TPAF Pension Contribution -														
Long-Term Disability Insurance	20-495-034-5094-004							481						
Total for State Financial Assistance - Major Program Determination								<u>683,775</u>						

See independent auditors' report.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 1 - General

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

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented 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 bases of accounting are described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$17,714 for the general fund and \$385 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ -	\$ 1,068,667	\$ 1,068,667
Special revenue fund	72,536	866	73,402
Total awards and financial assistance	\$ 72,536	\$ 1,069,533	\$ 1,142,069

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2020. TPAF Social Security Contribution 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, 2020.

Note 6 - Indirect costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs?

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)?

Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs?

Did the auditee qualify as a low-risk auditee?

Yes No

**FRENCHTOWN BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020**

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

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? X Yes ___ No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? ___ Yes X No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? ___ Yes X No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<u>20-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>20-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>20-495-034-5120-068</u>	<u>School Choice Aid</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2020

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2020.

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

There were no findings or questioned costs for the year ended June 30, 2020.

**FRENCHTOWN BOROUGH SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2020**

Status of Prior Year Findings

There were no prior year findings or questioned costs.